

459th meeting of the Accounts Commission for Scotland
Thursday 8 August 2019, 10.15am
in the offices of Audit Scotland, 102 West Port, Edinburgh

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 11 to 14 in private (* see note).
4. **Minutes of meeting of 13 June 2019.**
5. **Minutes of Performance Audit Committee of 20 June 2019**
6. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.
7. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.
8. **Youth Scotland Panel update:** The Commission will consider a report by the Director of Performance Audit and Best Value.
9. **Health and social care integration: update on progress - impact:** The Commission will consider a report by the Director of Performance Audit and Best Value.
10. **Best Value Assurance Progress Report: Perth and Kinross Council:** The Commission will consider a report by the Controller of Audit.

The following items are proposed to be considered in private:*

11. **Best Value Assurance Report: Perth and Kinross Council:** The Commission will consider the actions that it wishes to take.
12. **Performance audit: draft report: Revenue financing of assets: Non Profit Distribution and Hub models:** The Commission will consider a report by the Director of Performance Audit and Best Value.
13. **Commission Strategy Seminar, March 2019: Taking forward the Commission's strategic development objectives:** The Commission will consider a report by the Director of Performance Audit and Best Value
14. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 11 to 14 be considered in private because:

- Item 11 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.
- Item 12 proposes a draft performance audit report which the Commission is to consider in private before publishing.
- Item 13 requires the Commission to consider confidential policy matters.
- Item 14 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of 13 June 2019	AC.2019.7.1
Agenda Item 5: Minutes of Performance Audit Committee of 20 June 2019	AC.2019.7.2
Agenda Item 6: Report by Secretary to the Commission	AC.2019.7.3
Agenda Item 8: Report by Director of Performance Audit and Best Value	AC.2019.7.4
Agenda Item 9: Report by Director of Performance Audit and Best Value	AC.2019.7.5
Agenda Item 10 Report by Controller of Audit	AC.2019.7.6
Agenda Item 12: Report by Director of Performance Audit and Best Value	AC.2019.7.7
Agenda Item 13: Report by Director of Performance Audit and Best Value	AC.2019.7.8

MEETING: 8 AUGUST 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 458th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 13 June 2019, at 10.00am.

PRESENT: Graham Sharp (Chair)
Andrew Burns
Andrew Cowie
Sophie Flemig
Sheila Gunn
Ronnie Hinds
Christine Lester
Tim McKay
Stephen Moore
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Carol Calder, Senior Manager, PABV (Item 10)
Aileen Campbell, Auditor, PABV (Item 11)
Sarah Croft, Manager, Ernst and Young (Item 11)
Lisa Duthie, Senior Auditor, Audit Services Group (ASG) (Item 15)
Brian Howarth, Audit Director, ASG (Items 10 and 15)
Chris Lewis, Senior Auditor, PABV (Item 15)
Jillian Matthew, Senior Manager, PABV (Item 9)
Tricia Meldrum, Senior Manager, PABV (Item 11)
Tom Reid, Senior Audit Manager, ASG (Item 12)
Shelagh Stewart, Manager, PABV (Item 11)
Kathrine Sibbald, Manager, PABV (Items 10 and 15)
Gordon Smail, Audit Director, PABV and ASG (Item 12)
Claire Sweeney, Audit Director, PABV (Items 9 and 10)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 9 May 2019
5. Audit Scotland Board update
6. Update report by the Secretary to the Commission
7. Update report by the Controller of Audit.
8. Commission meeting arrangements 2020
9. Briefing: community empowerment
10. Local Government Overview Report: impact and approach
11. Best Value Assurance Report (BVAR): Midlothian Council
12. BVAR (progress report): Clackmannanshire Council
13. BVAR: Midlothian Council (in private)
14. BVAR (progress report): Clackmannanshire Council (in private)
15. Local Government Financial Overview 2018/19: scope (in private)
16. Commission business matters

1. Apologies for absence

It was noted that there were no apologies for absence.

2. Declarations of interest

The following declarations of interest were made:

- Christine Lester, in item 9, as a member of the Scottish Health Council, in relation to references to that organisation.
- Geraldine Wooley, in item 6, as a member of the Scottish Housing and Property Chamber and of Fife Valuation Appeal Committee, in relation to references to housing matters, council tax and non-domestic rates.

3. Decisions on taking business in private

It was agreed that items 13 to 16 be considered in private because:

- Items 13 and 14 require the Commission to consider actions in relation to reports by the Controller of Audit. The Commission is then obliged by statute to inform the councils in question of its decisions, which the Commission does before making the decision public.
- Item 15 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 16 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 16 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 9 May 2019

The minutes of the meeting of 9 May 2019 were approved as a correct record.

Arising therefrom, the Commission:

- In relation to item 4, second bullet point, and in response to a query from Pauline Weetman, noted advice from the Secretary that he had liaised with the Audit Quality and Appointments Team to agree the arrangements for Commission decision-making in relation to the project for the procurement of the next round of auditor appointments, part of which would be considering a project plan including contingency arrangements.
- In relation to item 7, first bullet point, noted advice from the Secretary that part of the decision-making arrangements noted above would be considering matters in relation to audit fee strategy.
- In relation to item 7, second bullet point, noted advice from the Director of PABV that he would liaise with the Secretary on reporting back on Audit Scotland's review of performance in relation to the Institute of Chartered Accountants professional qualification.

Action: Director of PABV and Secretary

- In relation to item 8, first bullet point, noted advice from the Secretary that he was liaising with the Director of PABV on a response to the Scottish Government's consultation on the development of the National Islands Plan as

set out in the Islands (Scotland) Act 2018, upon which he would report further in due course.

- In relation to item 8, second bullet point, noted advice from the Secretary that he had provided an update on national developments in relation to skills and capacity in the building control profession in his Secretary update report (paragraph 16).
- In relation to item 8, fourth bullet point, noted advice from the Secretary that he had provided an update on the progress of the Children and Young People (Information Sharing) (Scotland) Bill in his Secretary update report (paragraph 16).
- In relation to items 10, 11 and 12, noted advice from the Secretary that the Commission Annual Report 2019/20, Commission Strategy 2019-24, and Commission Engagement Strategy progress report and revised plan were published and shared with stakeholders on 31 May.

5. Audit Scotland Board update

The Commission considered a report providing an update on the recent activity of the Audit Scotland Board.

During discussion, the Commission:

- In relation to item 7 of the minute of the Board meeting on 1 May 2019, in response to a query from Pauline Weetman, noted advice from the Chair that, in line with item 4 (first bullet point) of this minute, the Commission would continue to seek assurance from Audit Scotland on the contingencies in place in relation to various areas of risk in the project leading to a new Code of Audit Practice and new audit appointments.
- In relation to item 21 of the minute of the Board meeting on 1 May 2019, noted advice from the Secretary that the Communications Manager of Audit Scotland would lead a discussion session, to consider matters in relation to the Commission's approach to communications, promotion and publicity, after the Commission meeting on 8 August.

Thereafter, the Commission noted the report.

6. Update report by the Secretary to the Commission

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- Noted advice from Christine Lester on the report published by the Scottish Government on the independent review of cultural issues related to allegations of bullying and harassment in NHS Highland, further details of which would be circulated by the Secretary.

Action: Secretary

- In relation to paragraph 18, agreed to congratulate Fiona Kordiak, Director, Audit Services, Audit Scotland, on her appointment as the new chair of the Chartered Institute of Public Finance and Accountability (CIPFA) Scotland for the next year.

- In relation to paragraph 39, and in response to a point made by Geraldine Wooley, agreed to maintain a watching brief on trends and numbers of non-domestic rates valuation appeals.

Action: Director of PABV

- In relation to paragraph 105, in response to a query from Stephen Moore, noted advice from the Controller of Audit that he would be liaising with the Care Inspectorate on issues arising from the entering into administration of Four Season Health Care.
- In relation to paragraphs 109 and 111, in response to a query from Sophie Flemig, noted advice from the Secretary that the lunchtime speaker session in September would be on poverty and inequalities.
- In relation to paragraph 143, in response to a query from Stephen Moore, noted:
 - advice from the Secretary and Controller of Audit on the significant work undertaken by Audit Scotland to manage risks in relation to cyber security.
 - advice from the Secretary that he would provide more details on this matter on the Commission members' SharePoint site.

Action: Secretary

Following discussion, the Commission agreed to:

- Not respond to the consultations set out in paragraphs 20, 21 and 37.
- Note that the Secretary will report further on the Scottish Government consultation on the implementation of the Gender Representation on Public Boards (Scotland) Act 2018.

Action: Secretary

- Note the report.

7. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

Arising therefrom, the Commission noted advice from the Controller of Audit that he would circulate the Queen's Counsel guidance obtained by Audit Scotland in relation to the application of current statutory regulations to councils' repayments of their loans fund advances.

Action: Controller of Audit

8. Commission meeting arrangements 2020

The Commission considered a report by the Secretary on the meeting arrangements for 2020.

Following discussion, the Commission agreed:

- The proposed schedule and arrangements for meetings of the Commission and its committees in 2020.
- To retain a speaker session during committee days and note the schedule of speakers for the remainder of 2019 and early 2020, subject to a minor

amendment of swapping the scheduling of sessions on the National Performance Framework and the Crown Estate.

Action: Secretary

9. Briefing: Principles for community empowerment

The Commission considered a report by the Director of PABV introducing a paper on principles for the community empowerment, developed by Audit Scotland on behalf of the Strategic Scrutiny Group.

During discussion, the Commission:

- Noted advice from the Director that the document was aimed primarily at the scrutiny partners on the Strategic Scrutiny Group, with a view to raising awareness of community empowerment and promoting a shared understanding across partners.
- Noted advice from the Director that the paper would be shared with audit teams following publication.
- Noted advice from the Secretary on reported progress in the development of refreshed Best Value statutory guidance, being led by the Scottish Government and the Convention of Scottish Local Authorities (COSLA), given its importance in setting out the Best Value expectations of councils in relation to community empowerment.

Following discussion, the Commission agreed to:

- Endorse the paper, to be published by the Steering Group, subject to a number of revisions to be considered by the drafting team.
- Endorse the proposals for promoting the paper.
- Note the importance of identifying in audit work good practice in relation to community empowerment, with a view to supporting the improvement agenda.
- Further consider its responsibilities in relation to auditing and reporting on community empowerment.

Action: Secretary and Director of PABV

10. Local Government Overview: impact and approach

The Commission considered a report by the Director of PABV providing a summary of the initial impact of the two overview reports published during 2018/19 and inviting consideration of the development of overview reporting for 2019/20 and beyond.

During discussion, the Commission:

- Agreed that the Director consider:
 - how to seek more formal feedback from councils on the overview reports.
 - how to build an understanding of how councils use the overview reports.

Action: Director of PABV

- Agreed that the Secretary consider:
 - how to facilitate online discussion between members on emerging messages for the financial overview.

- the option of rescheduling meetings of the Commission's committees to fit with a timetable to consider emerging messages for the financial overview.
- Noted advice from the Director, in response to a query from Christine Lester, that he would consider how messages on integration joint board finances feature in the proposed three-year rolling plan on the scope of overview work.

Action: Director of PABV

Following discussion, the Commission agreed:

- To note the initial impact of the overview reports in 2018/19.
- The proposed approach to overview reporting in the future, including:
 - timescales for 2019/20 (including the approach to considering emerging messages for the financial overview)
 - development of medium-term planning for the challenges and performance overview work.

11. Best Value Assurance Report: Midlothian Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report for Midlothian Council.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

12. Best Value Assurance Report (progress report) Clackmannanshire Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance follow up report for Clackmannanshire Council.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

13. Best Value Assurance Report: Midlothian Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for Midlothian Council

Following discussion, the Commission agreed to make findings, to be published on 6 July 2019.

14. Best Value Assurance Report (follow up): Clackmannanshire Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance follow up report on Clackmannanshire Council

Following discussion, the Commission agreed to make findings, to be published on 27 June 2019.

15. Local government financial overview 2018/19: scope

The Commission considered a report by the Director of PABV proposing the scope

for the local government financial overview 2018/19.

Following discussion, the Commission agreed to approve the scope of work for the local government financial overview 2018/19, including the proposed audit scope leaflet for publishing.

16. Commission business matters

The Chair advised that this meeting would be the last formal meeting for Ronnie Hinds. The Chair thanked Ronnie for his commitment and hard work in his appointment as Deputy Chair and Acting Chair over five years, and wished him well for the future. In turn, Ronnie thanked the members of the Commission for working with him, and also the staff of Audit Scotland for their support to the Commission during his term of office.

The Chair, then having advised that there was no business for this item, closed the meeting.

MEETING: 8 AUGUST 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 20 JUNE 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of 102 West Port, Edinburgh on Thursday 20 June 2019, at 11.00.

PRESENT: Ronnie Hinds (Chair)
 Christine Lester
 Stephen Moore
 Sophie Flemig
 Graham Sharp

COMMISSION MEMBERS

ALSO PRESENT: Andrew Burns

IN ATTENDANCE: Peter Worsdale, Commission Support Team
 Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
 Kate Berry, PABV Seconded (Item 5)
 Antony Clark, Audit Director, PABV (Item 4)
 Gemma Diamond, Senior Manager, PABV (Item 6)
 Graeme Greenhill, Senior Manager, PABV (Item 6)
 Tricia Meldrum, Senior Manager, PABV (Item 4)
 Beverley Oakman, Audit Manager, PABV (Item 4)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 25 April 2019
4.	Performance audit: scope – Improving outcomes for young people through school education
5.	Performance audit: scope – Affordable housing
6.	Policy briefing: Public finances, investment and economic development
7.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Andy Cowie.

2. Declarations of interest

The following declaration of interest was made:

- Ronnie Hinds, in items 4, 5 and 6, as a non-executive director of the Scottish Government.

3. Minutes of meeting of 25 April 2019

The minutes of the meeting of 25 April 2019 were noted, having previously been approved as a correct record by the Commission. It was agreed:

- In relation to item 5 (final bullet point), to note advice from the Director of PABV that he had yet to provide further information on the responsibilities of the Auditor General in relation to non-incorporated colleges.
- In relation to item 8, to advise councils, as required, of our practice to share with our quality team (Audit Quality and Assurance Team) feedback and notes from the meetings the Commission holds with councils following the publication of BVARs to assist in monitoring our audit quality.

Action: Secretary

4. Performance audit: scope – Improving outcomes for young people through school education

The Committee considered a report by the Director of PABV proposing the approach to the performance audit, in conjunction with the Auditor General, on improving outcomes for young people through school education.

During discussion, the Committee, noted a range of issues, including the need for the audit to consider the national, regional and local context; and the need for the team to manage expectations over the scope of the audit in relation to wider education outcomes and issues.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Sheila Gunn and Sharon O'Connor, the matters raised in discussion.

Action: Director of PABV

5. Performance audit: scope – Affordable housing

The Committee considered a report by the Director of PABV on the proposed approach to the performance audit, in conjunction with the Auditor General, on affordable housing.

During discussion, the Committee, discussed a range of issues including that the team ensure their approach to the audit recognises the local authority context including the fit between national and local priorities.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Andrew Burns and Stephen Moore, the matters raised in discussion.

Action: Director of PABV

6. Policy briefing: Public finances, investment and economic development

The Committee considered a report by the Director of PABV providing a briefing on issues relating to public finances, investment and economic development

During the discussion the Committee:

- Noted its interest in how comparisons with other overseas investment banks had influenced Scottish Government thinking around the design of the proposed Scottish National Investment Bank
- Noted their interest in public sector procurement and how this is being considered as part of the Economy, Energy and Fair Work Committee's inquiry into the construction industry and its subsequent report, due in late June
- Noted its interest in how consideration of climate change issues might be reflected in the future audit programme
- Noted that the team will keep the Committee updated as appropriate on the implications of European funding changes on Local Government.

Following discussion, the Committee noted the report.

7. Any other business

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 8 AUGUST 2019

REPORT BY: SECRETARY TO COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4. On 27 June the Accounts Commission [published](#) the Clackmannanshire Council Best Value Assurance Progress Report. The report states that the council has acted to address the concerns previously identified and has improved how it works, though the financial challenge ahead is still significant.
5. On 4 July the Accounts Commission [published](#) the Midlothian Council Best Value Assurance Report. The report highlights the council's significant budget shortfall and the challenges facing the council as the fastest growing local authority in Scotland. The report acknowledges the council's progress in delivering substantial projects in schools, housing and transport.
6. On 25 July the Accounts Commission [published](#) the 'Principles for community empowerment' briefing. This paper aims to raise awareness of community empowerment and promote a shared understanding across scrutiny bodies of what is meant by community empowerment.
7. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet.
8. The download statistics of the reports published over the last 12 months (as at 18 July) are set out in **Appendix 1**.

Other Commission business

9. At its meeting on 25 April, the Performance Audit Committee noted advice from the Director of Performance Audit and Best Value that he would provide further information on the responsibilities of the Auditor General for Scotland (AGS) in relation to non-incorporated colleges. The Director reports that prior to 1993, most colleges in Scotland operated as part of local authorities. However, the Further and Higher Education (Scotland) Act 1992 led to many colleges being 'incorporated' as separate entities in 1993. There were some exceptions where some colleges remained part of their respective councils, and in relation to those colleges that were already operating as independent entities. This latter group of colleges are referred to as 'non-incorporated' colleges. The AGS is responsible for the audit of, and appoints the auditors for, incorporated colleges. She also has powers to conduct reviews of economy, efficiency and effectiveness in relation to these colleges. Non-incorporated colleges appoint their own auditors. In April 2017, the Scottish Government launched a [consultation](#) on the recommendations from a [review of college governance](#). The AGS and Audit Scotland submitted a [joint response](#). The Scottish Government is now considering allowing the AGS the ability to conduct economy, efficiency and effectiveness reviews in relation to the non-incorporated colleges that are not part of a local authority. If implemented, this would require a legislative change. Audit Scotland does not anticipate any extension of the AGS' powers would significantly affect current audit arrangements, but it would provide a legislative basis for any specific audit work, or to access evidence held by non-incorporated colleges, considered necessary by the AGS.
10. At its last meeting, the Commission noted that I would update it on a response to the Scottish Government's [consultation](#) on the implementation of the Gender Representation on Public Boards (Scotland) Act 2018. The purpose of the Act is to improve the representation of women on the boards of Scottish public authorities. The Act sets a gender representation objective for the non-executive member component of public boards. The objective is that 50% of non-executive members are women. The Scottish Government is specifically seeking views on two elements of implementation: draft regulations setting out the arrangements for reporting on progress under the Act; and draft guidance on the operation of the Act. I have responded to the consultation, in conjunction with the Chair, on behalf of the Commission. A copy of the response has been placed on the members' portal.
11. On 2 July, the Secretary of the Accounts Commission delivered a presentation to the Republic of Ireland's [National Oversight and Audit Commission](#) as part of its annual strategy session. The presentation summarised the Accounts Commission's responsibilities, current priorities and current work.
12. On 5 July, on behalf of the Accounts Commission and Auditor General, Audit Scotland submitted a [response](#) to the Scottish Government's [consultation](#) on National Islands Plan and Island Communities Impact Assessments.
13. On 14 July James Dargie, Scotland's first Controller of Audit, passed away aged 101 years old on Sunday, 14 July in Barley, Hertfordshire. Mr Dargie is credited with building the Accounts Commission 'entirely from scratch in just three months'. He was a guest of the Commission at our 40th anniversary celebrations in November 2015. His funeral took place at Cam Valley Crematorium in Cambridgeshire on 26 July.
14. On 24 July the Scottish Government [announced](#) that Elma Murray has been appointed as the new Deputy Chair for the Accounts Commission for Scotland. Elma was previously the Chief Executive of North Ayrshire Council from 2009 to 2018 and has

worked in local government for 35 years. Her initial four-year appointment as Deputy Chair will run from 1 August 2019 until 31 July 2023.

15. On 30 July the Commission met with representatives of Midlothian Council to discuss the published Best Value Assurance Report on the Council (see paragraph 5). The Commission was represented by Graham Sharp, Tim McKay and Pauline Weetman. Also present were Paul Reilly, Secretary to the Commission and the appointed auditor, Stephen Reid, Partner, Ernst and Young LLP. The Council was represented by councillors Derek Milligan (Council Leader – Labour), Jim Muirhead (Depute Leader – Labour), Peter Smaill (Provost – Conservative), Andrew Hardie (Conservative), and Councillor Colin Cassidy (SNP). Council officers present were Dr Grace Vickers (Chief Executive), Dr Mary Smith (Director, Education, Communities and Economy), Gary Fairley (Head of Finance) and Myra Forsyth (Quality and Scrutiny Manager). The Council will consider the Commission’s findings at its meeting on 20 August.
16. On 6 August the Commission will meet with representatives of Clackmannanshire Council to discuss the published Best Value Assurance Report on the Council (see paragraph 4). I will report on this meeting in my update report to the September meeting of the Commission.
17. A response from the Commission, Auditor General and Audit Scotland to the consultation by the National Audit Office on a [new Code of Audit Practice](#) is available on the members’ portal. The maximum five-year lifespan of the [existing Code](#) means it now needs to be reviewed and a new Code laid in Parliament in time for it to come into force no later than 1 April 2020.

Auditor General for Scotland

18. On 4 June, the Auditor General [published](#) a performance audit on Scotland’s colleges 2019. The report states that the financial challenges facing Scotland’s college sector have increased. An increase in Scottish Government funding to colleges will cover only the costs of making staff pay and conditions consistent across the sector. Most colleges are forecasting deficits in the next five years, as the gap between their income and expenditure continues to widen. Despite these challenges, student numbers have increased, and the sector continues to exceed its learning activity targets.
19. On 7 June, the Auditor General [published](#) a briefing paper on Planning for outcomes. This paper sets out the main factors that support planning for outcomes, and draws together learning from our previous reports and wider knowledge of good practice and activity in this area.
20. On 20 June the Auditor General [published](#) a performance audit on Enabling digital government. The report identifies that good progress has been made on the ambition to spread digital working across government. However, it suggests that the Scottish Government needs to show greater strategic leadership across the public sector to achieve its digital ambitions.
21. On 25 June the Auditor General [published](#) a report audit on the Scottish Public Pensions Agency. The report highlights that a failed IT project has cost Scotland’s public sector pension body £6.3m and set its planning back significantly.

Audit Scotland

22. On 14 June Audit Scotland [published](#) its annual report and accounts 2018/19. The report sets out key features of 2018/19 for Audit Scotland and includes the

Accountability report and Financial statements. It was [reviewed](#) by the Scottish Commission for Public Audit on Wednesday 19 June 2019, where evidence was taken from Caroline Gardner, Auditor General for Scotland, Ian Leitch, Chair of the Audit Scotland Board, Diane McGiffen, Chief Operating Officer, and Stuart Dennis, Corporate Finance Manager, Audit Scotland.

23. On 26 June the Scottish Commission for Public Audit [published](#) a report on its review of the Audit Scotland Board. The report found that there is significant evidence to confirm that the Board of Audit Scotland has established robust governance arrangements that contribute to robust leadership, challenge and scrutiny. The existing Board members work well together contributing to the Board's overall effectiveness. Looking forward, whilst acknowledging the uncertainties inherent with significant change, Board members are currently adequately equipped in terms of resources, capacity and preparedness. The report did however identify areas for further consideration around meeting arrangements, standing orders and the resources and capacity of the Board. The report will be considered further by the Board.
24. On 2 July Audit Scotland [published](#) a report 'Fraud and irregularity update for 2018/19'. This report provides a summary of the cases of fraud and other irregularities at public bodies reported by external auditors for the financial year 2018/19.
25. On 5 July Fiona Kordiak [contributed](#) to the latest series of Public Finance Perspectives produced by CIPFA and Public Finance.

Issues affecting local government

Scottish Government

26. On 31 May the Scottish Government [announced](#) the creation of a new £1 million Digital Start Fund that will invest in digital skills for people who are out of work and on low incomes. The fund will be managed by Skills Development Scotland.
27. On 31 May the Scottish Government [called](#) on the UK Government to make significant changes to tackle poverty and inequality in the UK following the publication of the final report published by the United Nations Special Rapporteur on extreme poverty and human rights.
28. On 3 June the Scottish Government [launched](#) its Best Start Grant, a package of three payments for families in receipt of eligible benefits. The £250 payment is for families with a child old enough to start primary school this August, to help cover the costs of a child starting school.
29. On 4 June the Scottish Government [published](#) research on violent crime in Scotland. This report showed that there had been a 35 percent reduction in serious assault and attempted murder cases between 2008-09 and 2017-18. The findings stated that the decline was largely due to a reduction in violent crime around Glasgow. Further [findings](#) show that a fall in the number of young people involved in violent crime has also driven this reduction.
30. On 5 June the Scottish Government [announced](#) that carers in Scotland will benefit from additional financial support, with the Carer's Allowance Supplement set to increase by 2.4 percent this year. This means that carer's in Scotland will gain £452.40 more this year than equivalent carers in the rest of the UK.
31. On 6 June the Scottish Government [announced](#) that funding of nearly £2.9 million will be provided to enhance Scotland's rural tourism. This will be the second round of the

Rural Tourism Infrastructure Fund (RTIF).

32. On 9 June the Scottish Government [announced](#) a £90,000 fund to create a package of advice on the healthy use of social media and screen time for children and young people. This will be produced by the Scottish Youth Parliament and the Children's Parliament in order to aid the mental health of young people.
33. On 10 June the Scottish Government [launched](#) its Skills Action Plan for Rural Scotland. This was developed by Skills Development Scotland in collaboration with stakeholders in order to support the skills needs of rural Scotland.
34. On 11 June the Scottish Government [published](#) the Public Sector Employment Statistics for Scotland. The findings showed that public sector employment accounted for 20.8% of total employment in Scotland.
35. On 11 June the Scottish Government [published](#) the latest completion statistics of affordable homes. The findings revealed that there were more than 9,500 affordable homes delivered in 2018-19, an increase of 12 per cent on the previous year.
36. On 11 June an Independent Review of the Scottish National Standardised Assessments at Primary 1 was [announced](#) by Deputy First Minister John Swinney. The [published](#) review found that Primary 1 assessments should continue as they can play a role in informing teachers' professional judgements. The Scottish Government accepted all of the independent review's recommendations.
37. On 11 June Deputy First Minister John Swinney [announced](#) the commencement of a review, following health and safety concerns at Buchanan and St Ambrose High School campus. The review has been jointly agreed between the Scottish Government, North Lanarkshire Council and NHS Lanarkshire.
38. On 12 June the Scottish Government and COSLA [published](#) a programme framework on reforming adult social care. The framework sets out the priorities, workstreams and vision to support local reform of adult social care. The reform programme acknowledges the role of social work and social care professionals and calls for self-directed support to be prioritised. A [summary of responses](#) to the joint discussion paper on social care reform and a document outlining the Government and COSLA's [shared vision](#) for adult social care have also been published.
39. On 12 June the Scottish Government published the self-directed support [implementation plan](#) for 2019-21. This report outlined a number of actions required to drive forward the changes necessary to fully implement self-directed support. There are several mentions in reference to the work of Audit Scotland.
40. On 13 June the Scottish Government [published](#) the latest Council Tax Reduction (CTR) scheme statistics. The scheme reduces the Council Tax liability of low-income households in Scotland. A CTR 'recipient' can be a single person or a couple, with or without children, as Council Tax is charged on a per-dwelling basis, rather than to individuals. Figures showed that the scheme supported 477,800 households and the total weekly income forgone by local authorities was £6.4 million. This was 14 per cent lower in March 2019 than it was at the beginning of the scheme in April 2013.
41. On 18 June the Scottish Government [published](#) the Local Government Revenue Provisional Outturns and Budget Estimates. The findings show that local authority net revenue expenditure is expected to increase by 2.4 per cent compared to 2017/18, and the total net revenue budget set by local authorities for 2019/20 has increased by

4.1 per cent compared to 2018/19.

42. On 18 June the Scottish Government [announced](#) a record high of young people in positive destinations. New statistics were [published](#) showing that 93.2 per cent of school pupils had a positive destination nine months after leaving school.
43. On 18 June the Scottish Government [published](#) information on attainment, destinations of school leavers and achievement of curriculum for excellence levels for looked after children in Scotland. The findings highlight that whilst education outcomes for looked after children have improved over the last five years, there remains a gap when compared to all pupils. The findings show that there are 39 percent of children who are looked after with one or more qualification at SCQF Level 5, in comparison to 86 percent of all pupils in 2017/18.
44. On 19 June the Scottish Government [published](#) statistics on Scotland's economy. The findings showed that the Scottish economy grew by 0.5 per cent during Quarter 1 of 2019. Figures [highlighted](#) that the Scottish economy grew for the ninth consecutive quarter.
45. On 21 June the Scottish Government [published](#) an analysis of the Scottish economy, including performance and the future outlook for the economy in Scotland. The report notes that Scotland's economy has continued to perform well in 2019 and unemployment levels have reached a record low. However, the report also claims that the UK's impending withdrawal from the European Union has impacted business investment in Scotland.
46. On 21 June the Scottish Government [published](#) a response to the Young Carer Grant [consultation](#). The proposed grant will provide eligible young carers aged 16-17 with a £300 one-off payment. It is estimated that the Young Carer Grant will offer support to approximately 1,700 young carers each year.
47. On 25 June the Scottish Government [announced](#) £3 million in funding to deliver community-based out-of-school childcare for low income families. The fund will establish new projects across Scotland to assess the impact of flexible and affordable out-of-school care for low income families. It will run over a two-year period starting in April 2020.
48. On 25 June the Scottish Government [published](#) an update report on delivery of the Scottish Government's programme of education reform. John Swinney MSP, Cabinet Secretary for Education and Skills, [stated](#) that progress is being made through collaboration, and while it provides the pre-conditions for a school and teacher-led system there is still more to do to empower schools.
49. On 25 June the Scottish Government and COSLA published a report on Devolved School Management [guidelines](#). The guidelines have been devised to help local authorities develop their own Devolved School Management (DSM) schemes.
50. On 26 June the Scottish Government [published](#) statistics on homelessness in Scotland for 2018 to 2019. The findings show a 3 percent increase in homelessness applications since 2017/18.
51. On 26 June the Scottish Government [published](#) statistics for 2016/17 on longitudinal educational outcomes for graduates five years after graduating from higher education. The publication presents findings on employment, earnings, SIMD, gender and disability.

52. On 26 June the Scottish Government [published](#) the first annual progress report for the tackling child poverty delivery plan 2018-2022. The Cabinet Secretary for Communities and Local Government, Aileen Campbell, [stated](#) that the Scottish Government invested £0.5 billion in 2018-19 in direct support and 48 of the 58 actions are already in progress or being delivered. An [analysis](#) was undertaken to inform the development of the income supplement policy as part of the Delivery Plan. The Scottish Government also published a [position paper](#) and [factsheet](#) on the Scottish Child Payment which will provide a new benefit for low income families with children under six.
53. On 26 June the Scottish Government [published](#) an FOI release from Strand 2 Consultation of the Local Governance Review. It contains all correspondence between Scottish Government and COSLA following the report which was published in May 2019.
54. On 26 June the Scottish Government [announced](#) that by early 2021 eligible families with children under the age of six will receive a new benefit consisting of £10 a week. The benefit will be rolled out further to accommodate children under sixteen by the end of 2022. The benefit named 'The Scottish Child Payment' is estimated to lift 30,000 children out of relative poverty by 2023/24.
55. On 28 June the Scottish Government [published](#) an infographic of the Scottish Rural Development Programme 2014-2020. The graphic demonstrates how the programme has supported the rural economy in Scotland so far, highlighting that to date more than 13,000 projects have been approved and more than £940 million has been committed to support Scotland's rural economy.
56. On 1 July the Scottish Government [announced](#) new funding for children during the summer holidays with funds of £350,000 being provided.
57. On 4 July the Children and Young People's Mental Health Taskforce [published](#) a series of recommendations to Scottish Government and COSLA on what should be done to support good mental health. The recommendations provide a blueprint for how children and young people's services should support mental health. The report has recommended that the work of the Children and Young People's Mental Health Taskforce will now be taken forward by a new programme board - the Children and Young People's Mental Health and Wellbeing Programme Board.
58. On 8 July the Scottish Government [published](#) an update on the progress of the Buchanan and St Ambrose Independent Review. A series of engagement events took place between 20 and 27 June, and on 4 July the review team announced that water and environment testing will be carried out at St Ambrose High and Buchanan High.
59. On 9 July the Scottish Government [published](#) the annual report of the Joint Housing Policy and Delivery Group covering the period 2018-19.
60. On 10 July the Scottish Government [published](#) the first annual report of the Scottish Fuel Poverty Advisory Panel and the Scottish Fuel Poverty Partnership Forum. The report acknowledges the work that has taken place for both groups, however it notes that much remains to be done in addressing fuel poverty and that the target date of 2040 to end fuel poverty is too distant.
61. On 11 July the Scottish Government and UK government [announced](#) that the Moray Growth Deal will see £65 million invested in creating high-value jobs, strengthening local communities and safeguarding the future of the local economy. The Scottish

Government will invest up to £32.5 million in Moray over 10 to 15 years to drive inclusive economic growth across the region, with the UK Government matching the funding over a 15-year period.

62. On 16 July the Scottish Government published new [statistics](#) there were 1,187 drug-related deaths registered in Scotland in 2018, the largest number ever recorded. A new taskforce has been set up which will advise on what further changes, in practice or in law, could help save lives and reduce harm.
63. On 18 July the Scottish Government [announced](#) that income tax revenues in Scotland grew by 1.8%, to £10.9 billion in 2017-18, with growth driven primarily by an increase in contributions from higher and additional rate taxpayers. Growth in tax paid by Additional Rate taxpayers was faster in Scotland compared to the rest of the UK, 8.5 percent compared to 8 percent.
64. On 17 July the Scottish Government [announced](#) that an additional £9 million of funding will be provided to local authorities to prevent homelessness and help people into more permanent accommodation. The investment will increase the local authority funding being provided for Rapid Rehousing from £15 million to £24 million over three years.

Scottish Parliament

General

65. On 26 June the Scottish Parliament published their 2018-2019 [Annual Report](#). The report states that 5,283 motions and amendments had been lodged during the parliamentary year.
66. On 5 June the Scottish Parliament Information Centre (SPICe) published a [briefing](#) on the Fuel Poverty (Scotland) Bill. This briefing was published prior to Stage 3 of the Bill and summarises key recommendations made at Stage 1 and further amendments made at Stage 2.
67. On 11 June SPICe [published](#) a briefing paper on the Scottish Government's medium term financial strategy. This briefing intends to outline the key elements included in this financial strategy.
68. The Planning Bill was [passed](#) on 20 June following the debate of 223 amendments by MSP's, due to concerns that too many people were left out of the planning system and concerns raised at Stage 2 regarding the system's effectiveness. Planning Minister Kevin Stewart stated that the Bill is a 'radical new way forward for planning in Scotland' and emphasized that it would empower communities to have be involved in shaping their future.
69. On 13 June SPICe published a [briefing](#) on Competition Policy: the UK framework and the impact of Brexit. This looks at the Scottish Government's new competition powers. This was followed by a further [briefing](#) on Competition Policy: Brexit and the Devolved Powers.
70. On 19 June SPICe published a [briefing](#) on the Referendums (Scotland) Bill. It describes the key provisions of the Bill and references current legislation, with guidance on best practice for referendums.
71. On 19 June SPICe published a [briefing](#) on the Management of Offenders (Scotland)

Bill prior to Stage 3. The briefing summarises the main issues identified during stages 1 and 2 of the Bill.

72. On 21 June SPICe published a [briefing](#) on the National Performance Framework (NPF). The briefing provides assistance on the use of the NPF to aid committee scrutiny of the Scottish Government budget. It also assesses changes made to the NPF and summarises developments over the 12-year history of the framework. The Accounts Commission will be hosting a speaker on the NPF at one of its lunchtime speaker sessions later this year.
73. On 25 June SPICe published a [briefing](#) on a review of convergence funding for agricultural Scotland.
74. On 25 June, John Swinney [announced](#) to Parliament that the proposed education reform bill has now been permanently shelved after “significant progress” has been made through a “collaborative approach” with schools and local authorities. He stated that he has come to an agreement with councils to implement many of the changes voluntarily.
75. On 26 June SPICe published a [briefing](#) on Health and Social Care Integration. The report provides an update on spending and performance since The Public Bodies (Joint Working) (Scotland) Act 2014.
76. On 26 June SPICe published a [briefing](#) about audit institutions elsewhere in the UK and Australia. The paper was prepared for the Scottish Commission for Public Audit. It draws on information about the roles and responsibilities of public audit institutions and their boards, with a focus on parliamentary oversight.
77. On 27 June SPICe published a [briefing](#) on 20 Years of the Scottish Parliament.
78. On 2 July SPICe published a [briefing](#) on Local Government finance. This briefing provides a range of information and analysis on local government finance, including the profile of the local government budget over time, as well as Council Tax and Non-Domestic Rates income, from 2013-14 to 2019-20.
79. On 2 July SPICe [published](#) a briefing for the Public Petitions Committee on parking charges at island lifeline ferry ports. The paper refers to community councils calling on the Scottish Parliament to urge the Scottish Government to island-proof transport infrastructure to ensure that public bodies do not charge for parking in car parks at island ferry ports, which are essential lifeline services, and any proposed island parking charges are subject to rigorous impact assessment.

Parliamentary Committee News

Local Government and Communities Committee

80. On 29 May the Committee took evidence on the Non-Domestic Rates (Scotland) Bill from a range of stakeholders.
81. On 3 June the Convenor of the Local Government and Communities Committee sent a [letter](#) to the Convenor to COSLA, following an evidence session on 8 May with the Accounts Commission on the latest report; Local Government in Scotland: Challenges and Performances. The letter seeks clarification from COSLA as to how it works with councils to analyse data and analysis to identify areas of improvement and best practice.

82. On 5 June the committee took evidence on empty homes in Scotland from a range of stakeholders. Following this [meeting](#) the committee agreed to [write](#) to the Scottish Government in relation to compulsory purchase orders and compulsory sales orders.
83. On 6 June the committee [published](#) a Report on the Private Housing (Tenancies) (Scotland) Act 2016 (Modification of Schedule 1) Regulations 2019. The report considers evidence from previous sessions and recommends that the Act be approved.
84. On 14 June the Minister for Public Finance and Digital Economy [wrote](#) to the Convener in relation to empty property rates relief.
85. On 19 June the committee continued its [investigation](#) into the Non-Domestic Rates (Scotland) Bill by taking evidence from a range of stakeholders.
86. On 26 June the committee continued its inquiry into Non-Domestic Rates (Scotland) Bill by taking evidence from a range of stakeholders.
87. On 28 June the Minister for Public Finance and Digital Economy [wrote](#) to the Convener with an update on the Small Business Bonus Scheme.
88. On 2 July the committee [launched a call for written evidence](#) on its pre-budget scrutiny into the long-term financial sustainability of local government. The Accounts Commission will issue a response to this consultation, upon which I will report in my next update report to the Commission.

Public Audit and Post Legislative Scrutiny Committee

89. On 6 June the committee took evidence from Caroline Gardner, Auditor General for Scotland and Fraser McKinlay, Director of PABV, on the briefing paper '[Planning for Outcomes](#)'.
90. On 13 June the committee took evidence from Caroline Gardner, Auditor General for Scotland, Mark MacPherson, Senior Manager, and Mark McCabe, Audit Manager, Audit Scotland, on the performance audit report on [Scotland's colleges 2019](#).
91. On 13 June the committee [published](#) its Annual report 2018-19. The report details the work carried out during the parliamentary year between May 2018 and May 2019. Audit Scotland are mentioned throughout with reference to a series of Section 22 and Section 23 reports as well as other work.
92. On 27 June the committee took evidence from Caroline Gardner, Auditor General for Scotland, Gemma Diamond, Senior Manager, and Morag Campsie, Audit Manager, Audit Scotland, on the performance audit 'Enabling digital government'.
93. On 18 July the committee [reported](#) the findings of its post-legislative scrutiny on the effectiveness of the Control of Dogs (Scotland) Act 2010. The committee has concluded that the current dog control law is 'not fit for purpose' and recommended that the Scottish Government undertakes a comprehensive review of all dog control legislation without delay.

Finance and Constitution Committee

94. On 5 June the committee held a public evidence session on Scotland's economic and

fiscal forecasts, where evidence was provided by Dame Susan Rice, Professor Alasdair Smith and John Ireland from the Scottish Fiscal Commission. A [briefing](#) paper on the Scottish Fiscal Commission May 2019 forecasts was also provided.

95. On 12 June the committee took evidence from Derek Mackay, Cabinet Secretary for Finance, Economy and Fair Work and other representatives from the Scottish Government, on the Scottish Government's Medium-Term Financial Strategy.
96. On 19 June the committee took evidence from a range of stakeholders on the internal market and on funding of EU Structural Fund priorities in Scotland, post-Brexit.
97. On 26 June the committee took evidence from a range of stakeholders on Funding of EU Structural Fund Priorities in Scotland, post-Brexit; Referendums (Scotland) Bill; and the Non-Domestic Rates (Scotland) Bill Financial Memorandum.

Other Committees

98. On 31 May the Public Petitions Committee [published](#) its Annual Report 2018-19.
99. On 3 June the Education and Skills Committee [published](#) a report on three items of subordinate legislation which was considered by the committee in May 2019. The report summarises the purpose and scrutiny of these instruments as well as confirming the Committee's decision on each instrument.
100. On 26 June the Delegated Powers and Law Reform committee [published](#) a report on the Non-Domestic Rates (Scotland) Bill at Stage 1.
101. On 3 July the Health and Sports Committee [published](#) a report 'What should primary care look like for the next generation?'
102. On 14 June the Social Security Committee [published](#) a report on the appointment of members of the Poverty and Inequality Commission. Eight nominated members were identified and met in private with the Convener, Jeremy Balfour and Alison Johnstone to consider their suitability for appointment. Following discussion, the Committee agreed to recommend to the Parliament that it approve the Cabinet Secretary's nominations for appointment.
103. On 12 June the Social Security Committee [published](#) a report into social security support for housing. The report expresses concern regarding increasing levels of rent arrears under Universal Credit. The Committee has requested an explanation of the steps being taken by the DWP to improve the payment process to reduce rent arrears.
104. On 12 June the Education and Skills Committee published a [letter](#) to the Minister for Children and Young People, Maree Todd regarding the rates for partner providers in the expanded Early Learning and Childcare funded hours. There were several mentions of Audit Scotland.
105. On 13 June the Equalities and Human Rights Committee has [launched](#) a call for views on delivery of national equalities and human rights priorities as part of its scrutiny of the Scottish Government's Budget for 2021-21.
106. On 1 July the Rural Economy and Connectivity Committee [announced](#) it is holding a consultation on the best way to approach road maintenance. The findings from recent Accounts Commission reports on the road maintenance funding will also be referenced. It is proposed that the Commission responds to this consultation, upon

which I will report in my next update report to the Commission.

107. On 4 July the Economy, Energy and Fair Work Committee [published](#) its Stage 1 report on the creation of the Scottish National Investment Bank. The report includes a whole section on auditing requirements for the Scottish National Investment Bank, which mentions Auditor General and Audit Scotland.

COSLA

108. On 28 June council leaders from across Scotland met for their monthly leaders' meeting. The public session considered an update on the Scottish Welfare Fund and refugee re-settlement.
109. On 25 June COSLA's Children and Young People Spokesperson, Councillor Stephen McCabe, responded to the Parliamentary statement on education reform from the Deputy First Minister. The response welcomed the Deputy First Minister's recognition of the good progress that has been made and stated that COSLA will continue to take forward the reforms to Scottish education without the need for further legislation.
110. On 3 July COSLA issued a [response](#) to the SPICe report on local government funding. The response from COSLA Resources Spokesperson, Councillor Gail Macgregor, highlighted the findings which show a decrease in local government funding over the longer term. COSLA's response also highlights that in preparation for the 2020-21 budget, there is a need to look behind the headline figures of this report to fully appreciate the impact of recent settlements on core local government funding.

Improvement Service

111. On 10 July the Improvement Service [announced](#) that the Spatial Information Service at the Improvement Service had been shortlisted for a national planning award by the Scottish Government. A final decision will be made by Scottish Ministers, although a public vote (the People's Choice) of the final 35 projects is being held until the 30th of September 2019.
112. On 10 July the Improvement Service highlighted a [report](#) which sets out the experiences of Scotland's local authorities in relation to regional economic working. The work was undertaken by Ekos consultants and overseen by a Steering Group comprising the Improvement Service, COSLA, SOLACE and SLAED. The report is based on engagement from all 32 local authorities, which identified a desire to explore how the positive impact of regional working could be maximised. The report considers key areas such as economic development, transport, planning and infrastructure development in relation to the theme of inclusive growth.

Other Scottish local government news

113. On 5 June 2019 it was [reported](#) that the digital sector generated the joint highest number of foreign direct investment (FDI) projects in Scotland last year. Ernst and Young rated Edinburgh, Glasgow and Aberdeen in the top ten UK cities outside of London for attracting investment, while Dunfermline, the Highlands and Islands, and the south of Scotland also attracted sizable projects.
114. On 4 June 2019 it was [announced](#) that Sarah Davidson was appointed as the new chief executive of the Carnegie UK Trust. Ms Davidson previously served as the director-general for organisational development and operations in the Scottish Government.

115. On 6 June 2019 a survey by the Educational Institute of Scotland (EIS) [warned](#) of the challenges facing Scottish teachers, with six out of ten admit to working more than an extra day per week.
116. On 8 June 2019 it was [reported](#) that Police Scotland have launched an investigation into allegations of fraud at City of Glasgow College. Serious cases of overpayments to Cordia for Procurement have identified over a £1 million black hole.
117. On 11 June it was [reported](#) that allegations of fraud by senior officers at West Dunbartonshire Council have found no criminality. Police assessed further information that was provided following the allegations and have brought the enquiry to a close. In my report to the Commission's June meeting, I reported that on 15 May Audit Scotland, as external auditor for West Dunbartonshire Council, [published](#) their review of the investigation of tendering and contracting practices in Roads and Greenspace services in West Dunbartonshire Council.
118. On 14 June it was [reported](#) that Moray Council launched the only rural electric bus in Scotland to fill the gap left by cancelled services between Forres and Aberlour.
119. On 17 June 2019 Edinburgh was [announced](#) as one of eight urban areas to share an £11 million worth of funding to secure the future of the UK's parks and greenspaces. The fund was launched by the National Trust and National Heritage Lottery Fund, with support from the UK government.
120. On 17 June it was [reported](#) that a former chief officer at North Lanarkshire Council, Janice Hewitt, was given a £450,000 redundancy payment to quit her job. Miss Hewitt accepted the voluntary severance offer as part of the council's restructure. Audit Scotland, as external auditor for the council, has advised that it is aware of the issue which will be considered as part of our annual audits of the IJB and the council
121. On 12 June it was [announced](#) that the Chief Executive of the Scottish Parliament Sir Paul Grice will step down to become Principal and Vice-Chancellor of Queen Margaret University.
122. On 25 June it was [reported](#) that Midlothian Council will review plans to cut the provision of music and dance education after councilors cited the need for further consultation on the proposals.
123. On 25 June it was [reported](#) that a mobile phone app designed by Aberdeenshire Council's IT department which helps Aberdeenshire residents report problems to the council, has been named the best of its kind at a Holyrood ceremony.
124. On 27 June it was [reported](#) that the first initial payments have been made to Glasgow City Council equal-pay claimants, following an agreement in January of a £500 million payout for employees representing around 14,000 mainly female council workers. After the settlements have been made, a new job evaluation process will be carried out to replace the current pay scheme.
125. On 27 June it was [reported](#) that parents and carers are taking part in demonstrations against changes to additional support needs provision in Highland classrooms. This follows announcements that the number of additional support needs teachers (ASNs) and pupil support assistants are to be reduced over the next three years.
126. On 27 June SOLACE UK [published](#) a report on the value of storytelling in local government, "Storytellers in chief: How top local government managers use

storytelling to lead'. The report is based on an empirical study which was jointly commissioned by Solace, ICMA and CAMA representing individuals from leading roles across the United Kingdom, the USA, Canada and beyond. The report highlights that storytelling represents a significant part of everyday leadership practices.

127. On 1 July it was [announced](#) that the Borderlands Growth Deal has been signed by representatives of the UK and Scottish Governments. The deal has secured £394.5m investment from both governments.
128. On 16 July it was [reported](#) that council tax in Orkney Islands Council is set to increase by almost five percent, raising the band D charge by £53 a year, while service fees and charges will increase by three percent in a bid to make budget savings. There will be exemptions to some services however new charges will be introduced to areas such as replacement bins and planning permission amendments.
129. On 22 July the Scotsman [reported](#) that Scottish local authorities have paid out more than £57 million on legally binding non-disclosure agreements since 2014. The report is based on findings from a Freedom of Information Request, which revealed that Fife council had spent the most, with £48.5 million paid out over a five-year period. Many local authorities have attributed long-running equal-pay payouts as the central reason for the large costs for NDA payouts, with many settlements having occurred in recent years.

Other Scottish public policy news

130. On 30 June the Poverty and Inequality Commission [published](#) a report on delivering inclusive growth in Scotland. The report highlighted that although there is widespread support for the idea of inclusive growth, there is a lack of clarity around the term and its ability to make a tangible difference to people's lives. The Commission will be hosting a session on poverty at one of its lunchtime speaker sessions later this year.
131. On 4 June the Poverty and Inequality Commission [published](#) a report on Transport and Poverty in Scotland. The report highlighted that poor transport services can leave people cut off, with those living in rural areas, women and disabled people particularly affected. The report suggest that a rights-based approach should be adopted to help those living in poverty.
132. On 26 June the Fraser of Allander Institute [published](#) their latest Economic Commentary Report. The publication highlights that Brexit uncertainty continues to present challenges for the UK and Scottish economies.
133. On 10 July the Scottish Local Authorities Economic Development Group (SLAED) [published](#) its Strategic Plan for 2019-22. The new plan sets out SLAED's aims, objectives and priority actions for 2019-22 and includes responses to Brexit, delivery of City and Growth Deals, and inclusive growth.
134. On 19 July Transport Scotland [published](#) a report 'National Transport Strategy - Roles and Responsibilities - Assessment of Transport Governance in Scotland.' The report summarises work undertaken by Jacobs on behalf of the National Transport Strategy Roles and Responsibilities Working Group, to carry out an assessment of the current provision of transport functions, identify any issues, and recommend a range of options for change. The report refers to Audit Scotland's report on 'Maintaining Roads: A follow up report'.
135. On 19 July the UK Government [published](#) figures on income tax revenue raised in Scotland in 2017-18. The figures provided by HMRC revealed income tax revenue

raised by the Scottish government in 2017/18 went up by 1.8 percent but was still £941 million short of original forecasts.

136. On 22 July Scotland's Public Health Minister Joe Fitzpatrick MSP [called](#) on the Home Office to work with the Scottish Government to address the rising number of drug deaths in Scotland. This follows statistics which revealed that almost 1,200 people died of drug-related deaths in Scotland last year, a rise of 27 per cent on 2017 and the highest recorded rate in Europe.
137. On 23 July it was [reported](#) that the drive to get more women back to work through flexible working in Scotland has not been successful. A [report](#) by the Gender Pay Group 'Close the Gap', revealed that although the right to request flexible working was extended to all employees in 2014, there has been little evidence of normalising this pattern of working.
138. On 24 July it was [reported](#) that childcare costs in Scotland have risen by more than a quarter in the past three years, according to a YouGov survey. The poll revealed that parents in Scotland are now spending an average of £276 per month on childcare, representing a 28 per cent increase since 2016. The Scottish Government response highlighted recent funding initiatives aimed at tackling more affordable childcare.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

139. The [SPSO's newsletter - June](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the [Our findings](#) webpage.

Standards Commission for Scotland

140. On 25 June [Councillor Linda Holt](#) who serves on Fife Council was sanctioned for breaching the Councillor's Code of Conduct by the Standards Commission at a public hearing held in Glenrothes. The case related to aspects of the Code for failing to register an interest as a former member of a national campaign group, Scotland Against Spin (SAS) and for failing to declare the interest at a planning committee meeting. The decision of the Hearing Panel was to suspend, for a period of two months with effect from 1 July 2019.
141. On 10 July [Councillor Colin Cassidy](#) who serves at Midlothian Council was sanctioned for breaching the Councillor's Code of Conduct by the Standards Commission at a public hearing held in Dalkeith. The case related to aspects of the Code on fairness and impartiality in the instance of a planning decision. The decision of the Hearing Panel was to censure the Respondent, Councillor Cassidy.

Care Inspectorate

142. On 10 June the Care Inspectorate [published](#) a guidance tool 'You are our eyes and ears' on care at home. The tool aims to develop new ways of documenting the condition and making assessments of a client at each home visit. This was informed by a model for improvement approach which covers six important areas relevant to care at home, and produced a pocket guide in collaboration with Sue Ryder's care-at-home service in Arbroath.
143. On 24 June the Care Inspectorate [published](#) a their 'New quality framework for care

homes for children and young people and school care accommodation'. The document will aid inspectors in carrying out their duties under Scotland's new Health and Social Care Standards.

144. On 25 June the Care Inspectorate [published](#) the 'Joint inspection of services for children and young people in need of care and protection in Edinburgh'. The report identified many key strengths in relation to the service, however also noted that further improvements could be made in terms of utilising feedback that was provided by the children using the service. The report states that inspectors are confident in the services ability to continue to improve and act on the areas identified for improvement.
145. On 27 June the Care Inspectorate [published](#) a review of self-directed support in Scotland which was produced in partnership with Healthcare Improvement Scotland. The report highlights that more needs to be done to fully implement self-directed support and realise its potential in supporting the transformation of social care delivery in Scotland.
146. On 9 July the Care Inspectorate [published](#) a report on 'Complaints about care services in Scotland 2015/16 – 2018/19'. The report highlights that Complaints about care in Scotland have risen in the past four years, however it also notes that this is not an indicator that the quality of care has declined.
147. On 16 July the Care Inspectorate [published](#) its Statistical Summary Report for Quarter 1 of 2019/20. The report presents data on the number of registered care services, new registrations and cancellations, complaints about care services and quality theme grades all by care service type and or service sector.

Her Majesty's Chief Inspector of Constabulary Scotland (HMICS)

Education Scotland

148. On 14 June Education Scotland [announced](#) that solid progress is being made in narrowing the poverty-related attainment gap across nine local authorities designated as challenge authorities within the Scottish Attainment Challenge. Education Scotland produced a [summary report](#) based on the findings from the nine challenge authorities.
149. On 26 June Education Scotland announced that a transition statement for support for transitions in early childhood has been developed. This is in response to the recognition that early childhood and family transitions influence children's experiences and potentially have a longer-term impact. The [statement](#) was developed in partnership between the University of Strathclyde, the Scottish Government, Education Scotland, the Scottish Childminding Association, Early Years Scotland and Glasgow City Council, alongside parents and children.

UK Parliament

General

150. On 10 July it was [announced](#) that a review into the quality of local authority audits and whether they are identifying warning signs early enough has been launched by Communities Secretary Rt Hon James Brokenshire MP. The piece of work will examine the effectiveness of local authority financial reporting and audit regime.

Housing, Communities and Local Government Committee

151. On 27 June the Housing, Communities and Local Government Committee [published](#) a report on the Inquiry into the long term funding of adult social care. The report provides background information on social care funding and details the principles and options available for funding the system, highlighting that spending on social care needs to rise.
152. On 4 July the Housing, Communities and Local Government Committee [published](#) the UK government's response to its report on the funding of local authorities' children's services.
153. On 16 July the Housing, Communities and Local Government Committee [launched](#) an inquiry into progress on devolution in England. The Committee will scrutinise the impact of recently agreed devolution agreements and ask if the transfer of further powers to England's cities and regions can boost local economies and the provision of public services

Scottish Affairs Committee

154. On 7 June the Scottish Affairs Committee [published](#) a report on the relationship between the UK and Scottish governments. The report details the change in this relationship in the 20 years since devolution. The findings suggest that the fundamental issue at the heart of the relationship is trust, and that both governments need to work together to rebuild this.
155. On 9 July the Scottish Affairs Committee [published](#) the UK Government response to its report on the relationship between the UK and Scottish governments. The UK Government accepted the Committee's recommendations on reviewing the role of the Scotland Office and said it will consider introducing third party involvement in dispute resolution proceedings.
156. On 18 July the Scottish Affairs Committee [announced](#) that following outturn data that was published showing that Scottish Income Tax revenues for 2017/18 were £941m lower than forecast, the Scottish Government's block grant will increase by £737m, with an overall net effect in 2020-21 to be -£204m.

Public Accounts Committee

157. On 26 June the Public Accounts Committee [published](#) a report 'Planning and the Broken Housing Market'. The report provides an oversight of the UK Government's targets for building new homes, and the challenges of the current planning system in achieving this.

Other committees

158. On 4 July the House of Lords' Economic Affairs Committee [published](#) a report on social care funding. The report calls for the UK Government to invest £8bn to "restore the social care sector to acceptable standards". It also calls for the introduction of free personal care over the next five years. The Committee found that the publicly funded social care system is "shrinking" as a result of diminishing budgets. Following the funding shortfall, in certain cases, local authorities have been left to pay for the care.
159. On 19 July the Exiting the European Union Committee [published](#) a report on the consequences of a 'No Deal' exit from the European union, highlighting a negative

impact for UK businesses. The economic assessment shows that a 'no deal' exit from the EU would be the most economically damaging outcome for the UK. The effect would be most severe in the North East and the West Midlands, and the chemical, retail, food and drink and manufacturing sectors would be hardest hit.

Other UK Audit Bodies

National Audit Office

160. On 13 June the National Audit Office (NAO) published a [report](#) which assessed the progress on the Help to Buy Equity Loan scheme, the Ministry of Housing, Communities and Local Government's largest housing initiative by value. The report found that 63 percent of those who bought a home through the Help to Buy scheme would have been able to buy a property without the government's help.
161. On 13 June Public Sector Audit Appointments (PSAA) issued a [response](#) to the NAO's consultation on its revised Code of Audit Practice which will determine the scope of local audits from 2020/21.
162. The National Audit Office published a [report](#) on the effectiveness of Official Development Assistance expenditure. In 2010, the UK Government committed to spending 0.7% of UK gross national income on overseas aid from 2013 onwards. The study found that although the Government has met its target for the last five years, there is insufficient focus on departments' capacity to implement programmes and on their effectiveness.
163. On 21 June the NAO published a [report](#) on the 'Challenges in using data across government', which sets out the NAO's experience of data across government, including initial efforts to start to address the issues.

Northern Ireland Audit Office

164. The Northern Ireland Audit Office published the [2019 Auditor's Report](#). The report notes that local Councils are in a financially strong position and are making progress in improving their functions, but challenges remain around absenteeism and a reliance on agency staff.

Wales Audit Office

165. On 18 July the Wales Audit Office has [published](#) a report about the Integrated Care Fund. The report details that the Welsh Government has made a total of £270 million available up to March 2019 and with a further £115 million allocation for 2019-20. Whilst findings indicate that the fund has supported improved partnership working, its overall impact in improving outcomes for services users remains unclear.

Other general – UK

166. On 26 June it was [reported](#) that 35 percent of adult social care directors in England think they have the funds to meet statutory duties this financial year. Less than 5 percent of 150 adult social directors surveyed by the Association of Directors of Adult Social Services were "fully confident" that they could provide the minimum level of services as required by law until 2021-22.
167. On 25 June the European Commission [released](#) an announcement on its preparations in the event the UK leaves the EU without a deal and affirmed no-deal preparations were continuing.

168. On 1 July it was [reported](#) that English councils are expected to make a further four percent from parking charges this year, with government figures showing they are likely to make a £913m profit from parking charges in 2019-20. Research from the [RAC Foundation](#) stated that council's often overestimate how much they will make from parking charges, therefore this figure could reach a billion pounds.
169. On 3 July it was [reported](#) that the majority of local government finance officers have lost confidence in their future financial positions over the last year, according to a CIPFA survey. The survey was based on a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and four Welsh authorities. CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.
170. On 17 July it was [reported](#) that the UK has failed to train a large number of people in digital skills, leaving the workforce 'ill equipped for jobs of the future'. This follows a report by the Open Knowledge Foundation, which has called for a data literacy training programme to be opened to local communities to ensure UK workers have the skills for the technological jobs of the future.
171. On 16 July the Local Government Information Unit [released](#) a report on the Local Finance Taskforce. The report provides a set of recommendations for central government and a set of principles that should underpin the design of the future funding system in local government.
172. On 16 July the Institute for Government [released](#) a report on reforming the UK tax system. The report outlines the UK tax system and how it compares internationally. It also sets out the growing case for tax reform, driven by increasing spending pressures and threats to existing tax revenues.
173. On 22 July a report was [published](#) by PwC '*The Future of Audit: Perspectives on how the audit could evolve*' which is based on survey data from a variety of stakeholders such as academics, investors, audit committee chairs, chief finance officers and politicians. The findings from the report cover some key themes around the audit profession. One of the study's findings highlighted that there is a broad consensus on the desire for more insight and clarity in the audit on the future risks a company faces. Some 72 percent of investors and 79 percent businesses are in favour of more information about a company's prospects and risks in the central scope of a statutory audit.
174. On 22 July it was [announced](#) that Jo Swinson was voted to become the new leader of the Liberal Democrats, securing 63 per cent of the total vote.
175. On 22 July it was [announced](#) that Sir Jon Thompson will move from his role as chief executive in HMRC to take over as chief executive of the Financial Reporting Council. Sir Jon Thompson served as chief executive at HMRC since 2016.
176. On 23 July it was [announced](#) that Boris Johnson was selected by Conservative party members as their new leader and Theresa May's successor, where he took the position as the UK's new Prime Minister on 24 July. Mr Johnson has [stated](#) that delivering Brexit by 31 October will be a key priority.

Conclusion

177. The Commission is invited to consider and note this report, and in particular:

- a) Note in relation to paragraph 10 that I have placed on the members' portal the Commission's response to the Scottish Government's consultation on the implementation of the Gender Representation on Public Boards (Scotland) Act 2018.
- b) Note in relation to paragraph 17 that a response from the Commission, Auditor General and Audit Scotland to the consultation by the National Audit Office on a new Code of Audit Practice is available on the members' portal.
- c) Note in relation to paragraph 88 that I will update the Commission on a response to the Local Government and Communities Committee's call for written evidence on its pre-budget scrutiny into the long-term financial sustainability of local government.
- d) Note in relation to paragraph 106 that I will update the Commission on the consultation by the Scottish Parliament's Rural Economy and Connectivity Committee on road maintenance.

Paul Reilly
Secretary to the Accounts Commission
31 July 2019

APPENDIX: Accounts Commission reports in past 12 months - downloads

Report	Date	Report downloads	Podcast downlds
Midlothian Council: Best Value Assurance Report	4 July 19	632	25
Clackmannanshire Council: Best Value Assurance Report progress report	27 June 19	436	40
Accounts Commission annual report 2018/19	31 May 19	79	n/a
Accounts Commission Engagement strategy and plan 2019-24	31 May 19	61	n/a
Accounts Commission Strategy and annual action plan 2019-24	31 May 19	69	n/a
Accounts Commission Engagement plan progress report 2018/19	31 May 19	17	n/a
North Lanarkshire Council: Best Value Assurance Report	23 May 19	187	33
Stirling Council: BV Assurance Rprt	25 Apr 19	572 (+70)	54 (*)
How council work: Safeguarding public money	11 Apr 19	1,039 (+110)	n/a
South Lanarkshire Council: BV Assurance Rpt	28 Mar 19	684 (+87)	49 (*)
Local government in Scotland: Challenges and performance 2019	21 Mar 19	2,092 (+261)	104 (*)
Local government in Scotland: Challenges and performance 2019 - Supplement	21 Mar 19	247 (*)	n/a
Social Work in Scotland – Impact report	5 Dec 18	960 (+39)	n/a
Local government in Scotland – Financial overview 2017/18	28 Nov 18	2,822 (+182)	305 (*)
Local government in Scotland – Financial overview 2017/18 - Supplement	28 Nov 18	355 (+33)	n/a
Dumfries & Galloway Council BV Assurance Rpt	22 Nov 18	1,289 (+59)	305 (*)
Health and social care integration: update on progress	15 Nov 18	10,492 (+409)	284 (<30)
East Lothian Council Best Value Assurance Report	1 Nov 18	1,334 (+52)	240 (n/a)
Children and young people’s mental health	13 Sep 18	8,058 (+402)	216 (+36)
Community Planning – an update – Impact report	24 Aug 18	976 (+59)	n/a
Glasgow City Council Best Value Assurance Report	23 Aug 18	1,901 (+48)	153
West Dunbartonshire Council Best Value Assurance Report	28 Jun 18	1,475 (+55)	104
Maintaining Scotland’s roads: a follow-up report – Impact report	27 Jun 18	1,220 (+40)	n/a

Key:

(x) Increase in numbers since last month

* This figure is below 30

n/a Not applicable.

MEETING: 8 AUGUST 2019**REPORT BY: TRICIA MELDRUM, SENIOR MANAGER, PERFORMANCE AUDIT AND BEST VALUE****AUDIT SCOTLAND YOUTH PANEL**

Purpose

1. The purpose of this paper is to provide the Accounts Commission with an update on Audit Scotland's work with the Inform100 youth panel.

Background

2. In July 2018, Audit Scotland appointed Youth Scotland, a third sector organisation, as our partner to establish and work with a youth panel for a period of two years. The expected outcomes from this engagement with young people are:
 - Young people are able to influence and participate in all stages of our audit work.
 - Our audit work has more impact among young people.
 - Young people are able to provide us with advice on a range of issues.
 - Young people are involved in some of our audits.
 - The young people involved gain valuable experience and skills.
 - Increased skills and capacity among Audit Scotland staff to do more direct engagement with young people.
3. In August 2018, the Director of Performance Audit and Best Value briefed the Commission on plans to establish the panel and agreed to provide regular updates on progress.
4. Following a recruitment process for young people to join the panel, the first residential weekend took place in September 2018. The panel has met on a further four occasions since then and had one further residential weekend. The panel is scheduled to meet another nine times over the remainder of the project. Youth Scotland facilitates all the meetings, and each meeting has also had input from two or more members of Audit Scotland staff.
5. Youth Scotland has also established a wider online panel of approximately 80 young people to work with the core panel. This is a closed Facebook group.

Panel meetings

6. Twenty young people were recruited to the panel initially, and 16 have actively taken part. These 16 young people were aged 12 to 23 at the time of recruitment, from a range of geographical areas, socio-economic groups and ethnicities. The group includes a small number of young people who have identified themselves as having learning difficulties. Members of the panel act as young advisers.
7. At the first residential meeting the young advisers set out their hopes, fears and expectations for the project. They also worked together to identify four priority issues in

relation to public services in Scotland: young people's mental health; education; poverty; and bullying. These issues are well reflected in Audit Scotland's work programme, with the exception of bullying.

8. We have discussed the following topics with the youth panel:

- Children and young people's mental health – the group discussed the joint AC/AGS report that had been published in September 2018, and how the messages could be made more accessible to young people. None of the group was aware of the report before hearing about it at the panel meeting. The recommendations from this and subsequent discussions with the panel about communicating the messages from our audits are being taken forward in conjunction with the communications team when publishing reports that are most relevant to young people.
- Skills investment and planning – members of the audit team met the panel as part of programme development work to discuss the young people's experiences, particularly where they get advice from on options when they leave school. This discussion will help to inform thinking on our future audit (now scheduled to start next year) and the links with skills planning aspects in the school education audit.
- Colleges – the panel discussed some of the issues being considered as part of the ongoing colleges overview. In particular, the team asked them to think about what factors would influence their decision to go to college. This brought up a wide range of both positive and negative discussion points around the perception of colleges. There was agreement about the measures on which we currently report (e.g. attainment, satisfaction), while other comments tended to fall outside of the scope of the overview. But the discussion was useful for our wider thinking around learner pathways, including the scope for the education audit, and in relation to skills planning (one of our planned future audits).
- Child poverty – the panel had some initial discussion about what child poverty means. The discussion at this session gave the young advisers the opportunity to explore what poverty in Scotland actually means for people, using a weekly budgeting exercise. The young people were very engaged and found this eye-opening. The young advisers also explored what the impact of poverty would be on young people and their families. We will build on this initial introduction when we start to scope the planned audit on child poverty.
- School education – members of the Improving outcomes for young people through school education audit team have met the panel at two meetings. The discussions focused on increasing the team's understanding of the key issues as they affect pupils and young people; suggestions on how to best reach young people when carrying out the audit; and how best to word and frame questions for other young people. This has helped shape the audit scope and methodology. The panel have also discussed how to make the messages that come out of the audit more accessible to young people. Some of the young advisers have already interviewed and filmed other young people about the issues discussed at the meetings, using wording developed by the young people at the most recent panel meeting. A number of members have expressed interest in getting more involved in the audit through co-facilitating focus groups and assisting in designing an alternative audit output.

9. Audit Scotland staff have also discussed the impact we are hoping to achieve from this work with the young advisers. Staff and the young advisers worked together to agree the anticipated outcomes from the project for both Audit Scotland and the young people involved, and to agree interim measures to track progress. This has been revisited at a number of panel meetings.

10. There has been a reduction in the number of young people attending panel meetings, although this increased again at the last meeting. Sixteen young people attended the initial residential meeting in September 2018, but attendance at panel meetings has reduced since then, to a low of four young people in March 2019.
11. Youth Scotland have had a lot of one-to-one engagement with members and feel that there is not an underlying problem with levels of participation – fall off has been more due to the difficulty of getting times that fit around the young people's other commitments, particularly studying and working. Youth Scotland and panel members have been working to increase membership of the group. The most recent meeting, in June 2019, was attended by 10 young people – eight of the original group and two new members. While numbers have been low at some meetings, the discussions have been rewarding and helpful. Youth Scotland has also recognised that it is taking longer than anticipated for the group to form its own identity and take ownership for this significant project.
12. The wider online panel is not yet operating as anticipated. This is intended to be a forum that is led by the Inform100 advisers as a truly youth-led project. Youth Scotland has concluded that the core group does not yet have the confidence to do that. They are continuing to work with the core group and will also provide more training in digital media and communications.

Outcomes to date

13. The project so far has led to a better understanding of a range of issues from a young person's perspective, helping to inform and shape audit work. It has also developed good relationships with the youth panel, particularly the small core group who are the most actively engaged in the project. It takes a lot of time to develop those relationships and for the young people to grow in confidence to take more of a lead role. Youth Scotland have recognised these as particular challenges and have identified actions to continue to develop in these areas.
14. The panel has been particularly engaged in the school education audit and has provided a lot of helpful input and suggestions. Members of the panel will also be getting directly involved in the audit work involving young people.
15. Youth Scotland prepares a report after each panel meeting summarising what happened at the meeting and the outcomes. They are currently drafting a report with reflections on the first year of the project.
16. A member of the youth panel and a colleague from Youth Scotland attended the Audit Scotland staff conference in January 2019 and spoke at one of the lunchtime breakout sessions. The young panel member spoke about her experience of the panel and her reasons for getting involved. Her input was very well received by those who attended the session.
17. There have been positive outcomes for the young people involved – so far 13 panel members have achieved SQA-accredited Dynamic Youth Awards due to their involvement in the panel. In addition, Youth Scotland has highlighted increased self-confidence and other benefits among the young people involved.

Staff involvement

18. At least two members of Audit Scotland staff have attended every panel meeting. This is a mix of staff working on the topics being discussed, staff from the communications team, and a core team of three staff who have been leading on the work with Youth Scotland and the Inform100 panel. These core staff have also met Youth Scotland colleagues outwith the panel meetings to discuss plans, progress and agree actions.

19. Youth Scotland has delivered two training sessions on child protection and youth work for 19 Audit Scotland staff. These are staff who have, or are likely to be, working with the panel. There is potential to have further training sessions for staff.

Next steps

20. We plan to engage with the panel on a number of our planned audits including: digital in local government; improving outcomes for children with additional support needs; improving outcomes for looked after children; and child poverty. We also plan to talk to the panel about community empowerment.
21. We will be working with members of the panel throughout the school education audit. A number of young advisers have already volunteered to take part in fieldwork involving other young people and to develop an alternative type of output to highlight the audit messages to young people.
22. Youth Scotland is continuing to increase the number of members on the panel, increase attendance at meetings and support panel members to work with the wider online panel.
23. It is planned that one of the Commission's lunchtime seminars in 2020 will involve members of the youth panel. Youth Scotland are also keen to identify further opportunities to share the panel's work with Audit Scotland staff.
24. Commission members had previously supported the idea of members mentoring some of the young advisers. We have not yet taken this forward and it would be helpful to discuss this further with members.

Conclusion

25. The Commission is asked to:
 - consider this paper and any implications for its work programme
 - consider any further information it wishes in this regard
 - consider other opportunities to highlight the work of the Inform100 young advisers
 - consider if and how to progress the suggestion that members mentor some of the young advisers.

Tricia Meldrum
Senior Manager
29 July 2019

MEETING: 8 AUGUST 2019

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

HEALTH AND SOCIAL CARE INTEGRATION: UPDATE ON PROGRESS - IMPACT

Purpose

1. This report provides the Commission with a summary of the initial impact of the performance audit report, *Health and social care integration: update on progress* which was published in November 2018.

Background

2. This was a joint report on behalf of the Accounts Commission and the Auditor General for Scotland. This was the second of three national performance audits of health and social care integration following the introduction of the Public Bodies (Joint Working) (Scotland) Act, 2014 (the Act). The aim of this audit was to examine the impact public bodies are having as they integrate health and social care services. The report sets out six areas which need to be addressed if integration is to make a meaningful difference to the people of Scotland.
3. We will carry out a third audit in this series later in the work programme, which will report on the impact that integration has had, impact on people’s lives, and how health and social care resources are used.
4. We normally produce an impact report between 12 and 18 months after publication of a performance audit but given the extent of activity that this audit produced we thought it would be helpful to share a summary of the initial impact sooner.

Impact

5. This has been a very high-profile report and there has been a very positive response to the report and much interest from a wide range of stakeholders.

Media and political reaction

6. Following publication, the report received good media coverage. The media response focused on the ‘significant’ challenges that remain in achieving health and social care integration.
7. In response to the report, Health Secretary Jeane Freeman said *“we welcome Audit Scotland’s findings which highlight that integration is central to improving health and social care services for people in Scotland, and confident that we have put in place the legislation to empower local systems to deliver real change and improvement. We recognise the report’s conclusions that, while we are already seeing improvements in terms of the balance of care in communities and hospitals, we have more to do with our partners in local government, the NHS and Integration Authorities. We want to step up the pace and agree that further progress requires our strong, shared leadership. We are committed to working together to deliver integration successfully because we believe it is the right way to deliver better services for the people of Scotland...Changes this ambitious take time. With COSLA, we are reviewing progress to ensure we learn and apply lessons and continue to build the momentum for improvement.”*

8. COSLA's spokesperson for Health and Social Care Councillor Stuart Currie, COSLA said the *"report clearly states, integration is beginning to make a demonstrable improvement to the health and social care system but more needs to be done to realise its full potential. While Audit Scotland raise a number of issues with integration so far, we absolutely recognise these and the report is welcome in highlighting the challenges that lie ahead. COSLA and our members are fully committed to integration and we are working hard with Scottish Government, the NHS and Integration Authorities to make it work. As part of this, we are carrying out a review of progress under integration with the Scottish Government which will identify and find ways to address many of the issues highlighted by Audit Scotland. By responding to the recommendations from this report and through the work of the review, I am determined that Local Government and the NHS can work together not only to improve the way the system works but, most importantly, deliver improved outcomes for our communities."*
9. Up to end of May 2019, the report has been downloaded 9,705 times since its publication. Comparative data shows it was the most downloaded report in 2018/19. The report has consistently averaged over 1,000 downloads a month. The download figures reflect the profile of the report and the significant engagement undertaken by the team (covered in more detail below).
10. The social media content that was produced to support the report (i.e. video of the AGS explaining key points, the podcast and exhibit graphics) received 1,219 engagements on Twitter (this includes retweets, likes, link clicks).

Scottish Parliament

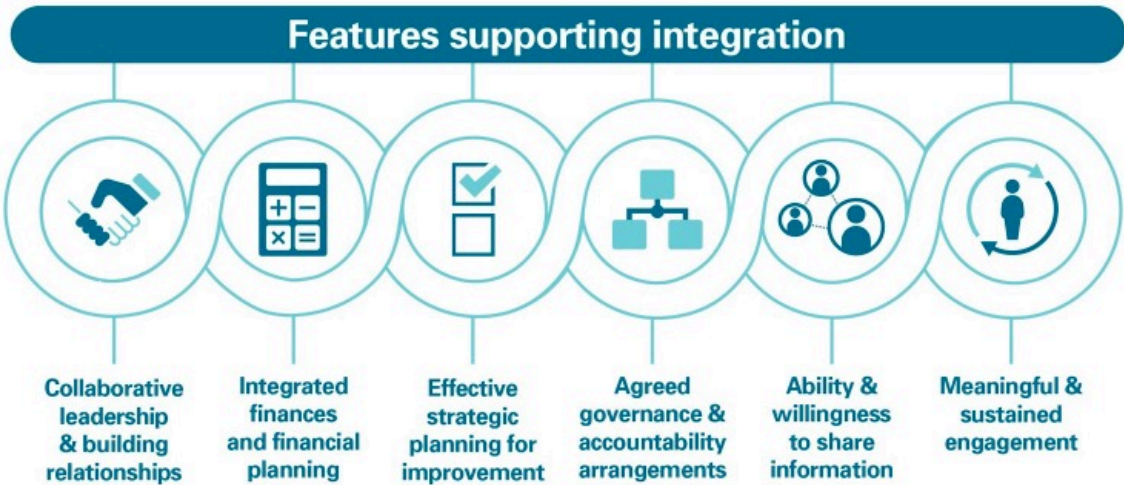
11. The Auditor General and the audit team provided a briefing to the Public Audit and Post Legislative Scrutiny (PAPLS) Committee on 29th November 2018. We had a good discussion with committee members and members were particularly interested in:
 - understanding what needs to happen to increase the scale and pace of integration;
 - how the budgets work and financial sustainability;
 - the leadership and governance challenges facing health and care;
 - streamlining the management and planning structures of the health and care system;
 - demand management; and
 - how ongoing progress will be monitored.
12. The audit team have provided an informal briefing session to the Health and Sport Committee, to help members understand integration and provide examples of what is working and what is getting in the way, to inform the committee's budget scrutiny. To help with this, we have also had regular meetings with the clerking team and SPICe analysts to share intelligence and advise on those best placed to provide evidence to the committee regarding the progress of health and social care integration.
13. When the Commission presented the Local Government Overview report to the Local Government and Communities Committee we also had the opportunity to reference the report and our work on integration.

Scottish Government

14. The First Minister, Nicola Sturgeon and the Cabinet Secretary for Health, Jeane Freeman, have referenced the report at several events (examples provided in Table 1 below). They have talked positively about the report and welcomed the findings.

Ministerial Strategic Group for Health and Community Care

- 15. In February 2019, the Ministerial Strategic Group (MSG) for Health and Community Care published [a report](#) which reviewed progress towards integration and set out proposals for ensuring the success of integration. The report recognised that our report on integration provided important evidence for changes that are needed to deliver integration. The MSG agreed with the recommendations in our report. The group proposed that these recommendations should be acted upon in full by the statutory health and social care partners in Scotland. In addition, the group noted that workforce issues were not considered in any detail in the audit but recommended that those should be a key focus for statutory and non-statutory partners taking forward integration.
- 16. The group noted specifically that exhibit 7 from the report, reproduced below, provides a helpful framework within which to make progress. The group then set out its proposals, in its report, under the headings identified in the exhibit.



- 17. Following publication of their review report, the MSG went on to issue a self-evaluation template to be completed by Health Boards, Local Authorities and Integration Joint Boards. The group stated that there is an expectation that partners should use the opportunity to collectively evaluate their current position in relation to the findings of the MSG review, which took full account of our report on integration and take action to make progress. The evaluation should involve partners in the third and independent sectors and others as appropriate to local circumstances.
- 18. It is the intention that information from local self-evaluations will support useful discussions in local systems, sharing of good practice between local systems, and enable the Integration Leadership Group, chaired by the Scottish Government and COSLA, to gain an insight into progress locally. This exercise will be repeated towards the end of the 12-month period set for delivery of all the proposals in the MSG review report in order that progress across the country can be demonstrated.

Wider engagement

- 19. This has been a very high-profile report and we have received positive feedback and significant interest in the findings and the changes that are needed to deliver integration well. We have been invited to discuss our findings during our routine engagement with leaders from across the health and care sector including the NHS Directors of Finance group and the IJB Chief Officers group. Table 1 below, provides an overview of the range of engagement and dissemination activities the audit team have undertaken since publication of the report. The Commission sponsors for this report Pauline Weetman and Sophie Flemig are due to present findings from the report at Scotland Policy

Conferences Keynote Seminar: The future for health and social care integration in Scotland on 3rd September 2019.

20. Reflecting on the engagement to date there is a real desire amongst Integration Authorities and their partners to learn from successful integration approaches across Scotland but how this information is shared still needs to improve.

Table 1: Engagement and dissemination activities undertaken by the audit team since publication

Date	Event	Audience
Tue 19 th Nov	<p>Scottish Government Finance Leaders Event.</p> <p>First meeting of finance leaders from NHS, Councils and IJBs. Opportunity to share the messages from our report to help frame their work and build connections with this group.</p>	Scottish Government Finance Leaders
Tue 4 th Dec	<p>Integration Progress Report - Lothian Discussion.</p> <p>The event was facilitated by the Kings Fund. This event was an opportunity for the 4 Lothian IJBs, their partner Councils and NHS Lothian, to discuss the report, its recommendations and the impact of these across Lothian's system.</p>	4 Lothian IJBs, including the chief executives from the NHS board and council and Chief Officers from the IJBs
Fri 7 th Dec	<p>Health and Social Care Scotland's Conference – Creativity, Culture and Courage.</p> <p>Audit Scotland presented findings from the report. Attendees presented exemplar projects from across the country and deliberated on the future direction of travel for services.</p> <p>Both the First Minister and the Cabinet Secretary for Health spoke at this event and positively referenced our report.</p>	Health and Social Care Scotland Chief Officer Group and other stakeholders
Tue 11 th Dec	<p>Policyhub Scotland Conference - Health and Social Care Integration in Scotland: sharing experiences so far, planning next steps.</p> <p>Audit Scotland presented findings from the report. This event encouraged delegates to explore the integration journey so far and consider how they can work together to realise the full potential of integrated health and social care services.</p>	Leaders and senior managers from across the sector

Wed 30 th Jan	<p>Audit Scotland Staff Conference workshop - Integrating Health & Social Care</p> <p>Leigh Johnston and Sharon Wearing, Chief Finance Officer, Glasgow IJB delivered a session on the challenge of delivering integrated health and social care services in Scotland.</p>	Audit Scotland staff
Mon 4 th Feb	<p>GCVS (the Glasgow Third Sector Interface)</p> <p>A briefing session for the Third Sector in Glasgow on the findings and recommendations of the integration report.</p>	60+ attendees - other TSIs from across Scotland, and key TS organisations and networks who actively engage with/ deliver health and social care
Thu 7 th Feb	<p>Strategic Commissioning and Improvement Network</p> <p>To discuss the report and how integration managers might be able to address the recommendations through new Strategic Plans.</p>	Integration Strategic Commissioners and Performance Managers
Tue 12 th Feb	<p>Workshop with South Lanarkshire Health and Social Care Partnership</p> <p>Part of ongoing engagement with the IJB post publication.</p>	Key stakeholders (IJB, Elected Members and other Partners)
Tue 19 th Feb	<p>Cross Party Group on Visual Impairment, Scottish Parliament</p> <p>Engagement with a range of stakeholders from third sector, public, politicians, NHS and councils.</p>	Cross Party Group members
Wed 27 th Feb	<p>Voluntary Health Scotland Seminar</p> <p>A briefing session for the Third Sector in Edinburgh on the findings and recommendations of the report</p>	30 – 40 Voluntary sector representatives
Mon 15 th Apr	<p>Workshop with Dumfries and Galloway Health and Social Care Partnership</p>	Key stakeholders (IJB, Elected Members and other Partners)
Wed 8 th May	<p>Skype meeting with a representative from the Welsh Audit Office</p> <p>To discuss the finding of our report and talk about what the Welsh Regional Partnership Bodies could learn from Scotland about integration.</p>	

Mon 20 th May	<p>Alliance Annual Conference - Impact: The 3rd Health and Social Care Integration Event</p> <p>The conference considered the impact integration has had over the last three years and what still needs to be done. The Cabinet Secretary for Health spoke at this event and positively referenced the report. The audit team hosted a stand at the conference and handed out copies of the report.</p>	Local volunteer-led groups and people who are disabled, living with long term conditions or providing unpaid care, NHS Boards, Health and Social Care Partnerships and Primary/Community Care practices, health and care professionals.
Thu 30 th May and Fri 31 st May	<p>NHS in Scotland event 2019, SECC</p> <p>The opening session of the event focussed on delivering Health and Social Care Integration in Scotland. Malcolm Wright, Director-General Health and Social Care and Chief Executive, NHS Scotland and Sally Loudon, Chief Executive of COSLA, led the session from the perspective of their shared responsibility for increasing the pace and effectiveness of integration. Both positively referenced the report. The audit team hosted a stand at the conference and handed out copies of the report.</p>	NHS Scotland employees, local authority employees, Health and Social Care Partnership employees, third sector/not for profit representatives, Scottish Government employees, Royal College representatives, educational institution employees and commercial organisation representatives.
Tue 3 rd Sept	<p>Scotland Policy Conferences Keynote Seminar: The future for health and social care integration in Scotland</p> <p>Pauline Weetman and Sophie Flemig (audit sponsors) will present findings from the report.</p>	MSPs, SG, leaders and senior managers from across the sector

21. The NHS Board Chairs' Corporate Governance Steering Group are working to refresh and improve the induction materials currently provided to newly appointed members of NHS Boards. As part of this work, they have created a new standard template pack which will be used to support local induction. The group want to include a section on Integration and asked if they could reproduce our short guide to integration within the new pack.
22. The team were recently asked to write an article about the findings from the report for the Scottish Federation of Housing Association's quarterly magazine, Housing Scotland.

Conclusion

23. The Commission is asked to note the initial impact of Health and social care integration: update on progress report

Fraser McKinlay
Director of Performance Audit and Best Value
August 2019

MEETING: 8 AUGUST 2019

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: PERTH AND KINROSS COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Perth and Kinross Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached BVAR (Appendix 1) is on Perth and Kinross Council. This is the first BVAR on the council and reports on the progress made by the council since previous Best Value reports. The Controller of Audit reported to the Accounts Commission on the council in July 2008 and the Commission's findings were published in [August 2008](#) (set out in Appendix 2).

The Controller of Audit report

4. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.
7. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:

- direct the Controller of Audit to carry out further investigations
 - hold a hearing
 - state its findings.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

10. The Commission is invited to:
- a) consider the Controller of Audit's BVAR on Perth and Kinross Council; and
 - b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
31 July 2019

APPENDIX 1:

BEST VALUE ASSURANCE REPORT: PERTH AND KINROSS COUNCIL

See separate paper.

APPENDIX 2:

AUDIT OF BEST VALUE – PERTH AND KINROSS COUNCIL: COMMISSION FINDINGS

AUGUST 2008

1. The Commission accepts this report on the performance of Perth & Kinross Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
2. Perth & Kinross Council demonstrates a strong commitment to Best Value. We acknowledge the effective leadership of the council, good relationships between councillors and officers and the close involvement of its Community Planning partners. The council also has effective performance management arrangements.
3. The Commission also welcomes the council's:
 - high level of self-awareness
 - culture of continuous improvement and focus on what works
 - good corporate working
 - engagement with employees
 - implementation of the single status agreement with no disruption to service delivery
 - open, clear and balanced public reporting.
4. However, there are areas of service delivery where the council needs to further improve, most notably in relation to its planning function and to educational attainment. We acknowledge that the council's rate of service improvement is good and that the council itself recognises the areas where improvement is needed in service delivery. The council should also give attention to creating linkages between its asset management, financial management and workforce planning arrangements. A particular challenge for the future is the need to provide affordable housing in the context of an increasing population.
5. The Commission considers that Perth & Kinross Council has the capacity and ability to build on its current performance and looks forward to receiving an improvement plan with measurable and achievable outcomes which will build on the good work being done by the council.

Perth and Kinross Council

Best Value Assurance Report

ACCOUNTS COMMISSION 

Prepared for the Accounts Commission by the Controller of Audit

August 2019

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Key facts	4
Audit approach	5
Key messages	7
Part 1 Does the council have clear strategic direction?	8
Part 2 How well is the council performing?	17
Part 3 Is the council using its resources effectively?	25
Part 4 Is the council working well with its partners?	30
Part 5 Is the council demonstrating continuous improvement?	39
Recommendations	43
Appendix 1 Best Value audit timeline	44

Key facts



2,041
square
miles

Area

151,290

Population

4,631

Workforce
(number of full-time
equivalent employees)

40

Elected members
17 Conservative and Unionist
15 Scottish National Party
4 Scottish Liberal Democrat
3 Independent
1 Scottish Labour Party

7,540

Council houses

£354
million

2019/20
revenue budget¹

£621
million

2019/20 – 2028/29
10 year capital
budget²

£52
million

Mid-range budget
gap
2019-24

1. Revenue budget covers day-to-day costs like wages, property repairs and maintenance and payments for goods and services.

2. Capital budget covers the cost of major projects such as schools, housing and town centre regeneration.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the [Annual Audit Report](#). In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on Perth and Kinross Council. The findings from previous Best Value reports on the council are summarised at Appendix 1 in the Best Value audit timeline.
2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's Strategic Audit Priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.
3. Our audit approach is proportionate and risk based and so is reflective of the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out in previous years. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience.
4. [Exhibit 1](#) shows the areas we decided to focus on. The detailed audit work for this report was undertaken in March and April 2019. Our audit work included:
 - interviews with elected members, senior officers and partners
 - observing a range of council and committee meetings
 - document review
 - focus groups.
5. We gratefully acknowledge the cooperation and assistance provided to the audit team by elected members, officers and the council's partner organisations. As part of the annual audit of the council, our future work will follow up the findings and recommendations in this report. It will also include more detailed audit work on other Best Value areas as appropriate.

Exhibit 1

Key areas of focus for our audit

The audit considered a broad range of issues.



Vision and strategic direction [\(Part 1\)](#)

- Perth and Kinross Council's vision and priorities and how these fit with the Perth and Kinross Community Planning Partnership's Local Outcomes Improvement Plan (LOIP)
- Leadership, governance and scrutiny arrangements, including elected member and officer relations



Performance [\(Part 2\)](#)

- Overall progress on performance and outcomes
- Performance management arrangements, including public performance reporting



Use of resources [\(Part 3\)](#)

- How well the council is managing its financial resources and planning for the future
- How the council manages, monitors and reports on financial and other resources including medium- and longer-term financial planning
- Workforce planning



Partnership working [\(Part 4\)](#)

- How effectively the council delivers services with others, including the Perth and Kinross Integration Joint Board and other local authorities. The audit also looked at participation in the Tay Cities Deal and governance arrangements with arm's-length external organisations' (ALEOs')
- How well services are developed in collaboration with others and how community engagement affects the council's activities and delivery of services



Continuous improvement [\(Part 5\)](#)

- Evidence of continuous improvement including digitalisation of services
- Progress against key judgements in the 2008 Best Value report

Source: Audit Scotland

Key messages

- 1** The council has clear strategic objectives that have remained stable over a period of time. There is strong member and officer leadership together with appropriate levels of challenge and scrutiny. The council is currently reviewing its governance arrangements with the aim of streamlining and further improving decision-making.
- 2** Since the 2008 Best Value report, the council has improved at a steady pace. Overall, outcomes for the community are improving. Officers and members are positive about the Perth and Kinross Offer, that is a proposed approach to service design and development co-designed with citizens and communities. It is still at an early stage, but has potential to provide a step-change in the levels of community engagement and the pace of improvement.
- 3** The council has robust financial planning and management arrangements including effective monitoring and reporting and medium-term financial planning. The financial outlook is challenging, but the council is well placed to address projected funding gaps through savings from its transformation programme and medium-term financial plan. The council approves a three-year revenue budget and budget flexibility scheme which encourages longer-term planning. It should consider building on this by developing a longer-term financial plan covering five to ten years.
- 4** The council has made good progress in providing online access to services. The council is in the process of reassessing its use of information and technology. Following completion of its digital maturity assessment, it intends to update its digital strategy. This should reflect its ambition of becoming the most digitally innovative council in Scotland.
- 5** The council undertakes self evaluation and is receptive to third-party evaluation and inspection. Its self evaluation could be more explicit about improvement plans. The council uses performance management information and reporting to drive continuous improvement at service level, but annual public performance reporting should be more balanced. More could be done to consistently demonstrate that performance management drives change and improvement.
- 6** Residents in Perth and Kinross are more satisfied with their council's services than the Scottish average and the council has received positive inspection reports in recent years. There are examples of the council delivering services in innovative ways, making savings and improving outcomes for vulnerable service users.
- 7** Perth and Kinross Council works well with partners, in particular with regional partners across Tayside and the effectiveness of working arrangements with the integrated joint board has improved over the last 12 months. The community planning partnership needs to take a more active role in leading partnership working and strategic change.
- 8** There are good examples of community engagement at service level, but the council could do more to involve communities earlier in strategic planning discussions and demonstrate the outcome of engagement. The council is aware that it needs to do more to embed community empowerment in the way the council and its communities work together.

Part 1

Does the council have clear strategic direction?



The council has clear strategic objectives which have remained stable over a period of time and are supported by effective leadership.

The local context

6. The area of Perth and Kinross, covering over 2,000 square miles, is home to over 151,000 people. Over the last ten years its population rose by six per cent and it is expected to rise by a further eight per cent over the next 20 years. This rise is higher than the predicted growth in Scotland overall of five per cent. Currently people aged 65 and over account for 23 per cent of the population. By 2041 this proportion is expected to increase to 30 per cent.
7. Most of the Perth and Kinross area is rural. It includes the city of Perth, 12 towns and over 100 smaller settlements. The area is dependent on tourism, agriculture and hospitality. Although unemployment is generally low, wage levels tend to be below the Scottish average which contributes to in-work poverty. The Scottish Index of Multiple Deprivation (SIMD) identifies that eleven data zones in Perth and Kinross (out of 186) are classified as being within the 20 per cent most deprived in Scotland. These are home to 8,200 people and located in both urban and rural areas. However, the SIMD does not always accurately represent deprivation in a rural setting due to the dispersed nature of rural communities.¹ Rural poverty is an issue within Perth and Kinross, with pockets of rural deprivation spread across the local authority area. The proportion of the school population with additional support needs has increased from 20 per cent in 2010 to 34 per cent in 2018.
8. These factors have led to challenges for the council including:
 - a need to provide affordable housing
 - ensuring equitable access to services, particularly in rural areas
 - improving transport and connectivity in rural areas.

The council's objectives are wide-ranging and align with partners' priorities

9. The Corporate Plan 2018-2022 includes the council's vision, which is shared with the Community Planning Partnership (CPP), of 'Creating a confident, ambitious and fairer Perth and Kinross, for all who live and work here.' It contains five strategic objectives to support delivery of the vision:
 - giving every child the best start in life

¹ *Rural deprivation: evidence summary*, Scottish Government, 2016.

- developing educated, responsible and informed citizens
 - promoting a prosperous, inclusive and sustainable economy
 - supporting people to lead independent, healthy and active lives
 - creating a safe and sustainable place for future generations.
10. The council is a statutory partner in the CPP which produces the Perth and Kinross Local Outcomes Improvement Plan (LOIP).² This plan involves input from a number of agencies including NHS Tayside, the Scottish Fire and Rescue Service, Police Scotland, Skills Development Scotland and the council. It is an example of how the council has collaborated with other entities to support delivery of the strategic objectives agreed upon. The LOIP and corporate plan also have the same objectives. Community planning at a local level is delivered by seven local action partnerships (Part 4). Each local action partnership has its own local action plan

Members and officers recognise challenges in providing fair and equal access to rural communities

11. The area of Perth and Kinross is geographically diverse and includes several rural and isolated communities. This increases the importance of the council's focus on providing fair and equal access to services.
12. Members and officers recognise this risk which routinely features in discussions and forms part of effective scrutiny. Local needs and the role of communities are regularly referenced in service improvement plans and corporate plans have a communities focus.
13. In 2016, the CPP established a fairness commission to understand more about the challenges within communities, poverty and inequality. A report entitled *Fairer Futures* made recommendations and highlighted good practice to inform the work of the community planning partners.³ Its findings feature as part of service improvement plans.
14. A place-based approach to tackling inequality is being embedded through the seven local action partnerships made up of community, elected and stakeholder representatives. They are each supported by 'stories of place', created by the council to summarise statistical and background information on each locality to support their work.⁴

The council's vision is backed by clear plans and service priorities which are subject to monitoring and scrutiny

15. The council's vision and strategic objectives, set out in its corporate plan, have been consistent for several years. They are supported by officers and members who consider them appropriate and a suitable framework within which relevant actions can be agreed at a strategic and service level. Their consistency has helped them to become embedded in the council's decision-making. The council is committed to its vision and strategic objectives, which is evident from member and officer understanding and their integration into the BMIP process.
16. There is strong communication and understanding of strategic objectives by leadership, incorporated into all levels of council planning (Exhibit 2). In order to plan and monitor improvements, business management improvement plans

² *Perth and Kinross Community Plan (Local Outcomes Improvement Plan) 2017-2027*, Perth and Kinross Community Planning Partnership, October 2017.

³ *Fairer Futures*, Perth and Kinross Fairness Commission, 2017.

⁴ <http://pk-storyboard.org.uk>

(BMIPs) are reported to the relevant committee and to the scrutiny committee annually (with six-monthly updates to the relevant committee), comparing performance of each individual service against the corporate plan and service priorities. This allows members to appropriately challenge on progress and delivery on improvements and objectives.

17. Five improvement priorities for the council are identified in the Annual Performance Report and sit alongside the strategic objectives and service priorities. They are:

- securing sustainable, inclusive economic growth
- addressing changing demographics
- reducing the impact of poverty in families and communities and supporting those most vulnerable
- evolving the way the council works with communities
- working more collaboratively and further transforming services.

The council has set out how the improvement priorities link to its strategic objectives.

Exhibit 2

Perth and Kinross council's overall approach to planning



Source: Perth and Kinross Council

There is strong member and officer leadership and effective levels of challenge and scrutiny

18. Perth and Kinross Council exhibits strong member and officer leadership. Since the last local election in 2017, the Conservatives and Liberal Democrats have formed the administration ([Exhibit 3](#)). There is evidence of an appropriate level of challenge and scrutiny within all aspects of council business. Good working relationships between members, and between members and officers was observed at council and community planning meetings.

Exhibit 3

Changes in council administration in 2017

Current administration (from 2017)	Previous administration
17 - Scottish Conservative and Unionist Party	18 – Scottish National Party
15 - Scottish National Party	10 - Scottish Conservative and Unionist Party
4 - Scottish Liberal Democrats	5 - Scottish Liberal Democrats
3 - Independents	4 - Scottish Labour Party
1 - Scottish Labour Party	3 - Independents

Source: Perth and Kinross Council

19. The leadership team uses a range of approaches to share the council's vision, for example:
- *senior management team meetings*: the chief executive and directors meet with services on a rotational basis to discuss emerging issues
 - *chief executive's blog*: which shares information with staff
 - *think yes sessions*: staff are invited to share their thoughts and ideas on the future of the council and what challenges and opportunities they face.
20. The council has a dedicated scrutiny committee, charged with overseeing the implementation of the council's policies in relation to achieving Best Value. Key aspects of financial and project management are subject to regular oversight at the appropriate level. The audit committee considers external and internal audit reports and financial statements. Performance against the LOIP and other plans and objectives are also publicly reported.
21. Some members commented that the capacity for scrutiny is sometimes limited by the volume of papers and number of meetings. They do not always consider the options presented to them, while viable, to be acceptable, and would welcome greater opportunity to comment on options while they are being developed. The council's member-officer working groups provide opportunity for this to occur.
22. The scrutiny committee has direct scrutiny of arm's-length external organisations (ALEOs) and receives regular reports and presentations on their performance. ALEOs can take many forms, such as companies, community organisations or charities. Those operating in Perth and Kinross Council include Culture Perth and Kinross, Live Active Leisure Ltd and Horsecross Arts Ltd.

The vision of the Perth and Kinross Offer is widely supported by officers and members

23. The vision of the Perth and Kinross Offer (the Offer) aims to change how services are designed and delivered. It has been welcomed by officers and members and seeks to create a range of social contracts between the council and the people and communities it works with. It ultimately aims for a cultural change, from viewing citizens and partners as service users to viewing them as co-creators. It is closely aligned with a proposed 'think yes' culture, which is also widely recognised by officers who have begun to make simple changes in a supportive environment.

- 24.** The ambition is for the Offer to be developed collaboratively with staff, citizens, businesses and other local stakeholders. To date, a series of staff meetings and events that support this have been held or are planned. Officers and members speak positively about the Offer and it has obtained cross-party support. The Offer will support delivery of further improvement in relation to the themes of:
- equalities and fairness (diversity, perceptions, commitment, rurality)
 - economy and entrepreneurship (investment, employment, location, people)
 - education and learning (attainment, investment, collaboration, strengthening families)
 - empowerment (enabling structures, communities, partnerships, third sector)
 - environment.
- 25.** A brief summary of the aims of the Offer and intended approach to developing it collaboratively with stakeholders has been set out. A framework and timescale for its development are being formed. It is important that the council maintains the pace of its development along with member and officer enthusiasm.

The council is progressing well in providing online access to services. The digital strategy does not reflect the council's ambition but it plans to update it following a digital maturity assessment.

- 26.** The council's digital transformation programme includes planned investment of £1.4 million in online services and £1.8 million on mobile working over five years from 2016/17. Regular updates are provided to the executive officer team by the Head of IT and Revenues (chief digital officer) and are overseen by the ICT Transformation Board. Frontline staff are positive about digital developments delivered by the council to date.
- 27.** Good progress has been made and the council now offers 37 services on-line via MyPKC, its customer services platform. The council procured the underlying software collaboratively with Dundee City Council and Angus Council, which facilitates sharing of developed service modules and represents good practice. Mobile working developments have been slower to implement but are progressing. A roadmap of future MyPKC projects exists, including requested developments. ([Exhibit 4](#)).

Exhibit 4

Rollout of MyPKC services

Perth and Kinross Council provides an extensive range of online services.

MyPKC services	Number	Examples
Delivered or improved in 2017/18	21	Road faults, missed bins, housing repairs, council tax accounts
Delivered or improved in 2018/19	24	Free school meals, placing requests, care home incidents, taxi complaints
Planned in 2019/20	17	School lets, music tuition, special uplifts, copies of certificates
Prioritised work yet to be scheduled	24	Skip hire and uplifts, pitch bookings, Primary 1 and nursery registration, registrars' appointments

Source: Perth and Kinross Council Roadmap of planned MyPKC services

28. A corporate approach to assessment of benefits realisation was approved by the ICT Transformation Board. It includes a number of elements of good practice such as comparison of the pre-investment baseline time and cost taken to complete a process with that achieved following development.
29. The council assessed its digital maturity in 2016 and is in the process of completing the Digital Office Assessment Model during 2019. The Digital Strategy 2016-2020 contains the elements you would expect but it does not yet fully reflect the council's ambition to become the most digitally innovative council in Scotland. The council plans to update its digital strategy following completion of its updated maturity assessment.

The current review of the council's governance structure should consider simplifying the decision-making model

30. The council operates with a total of 20 committees, ten of which administer common good funds.⁵ In addition to the scrutiny committee, the key committees include the strategic policy and resources committee, the lifelong learning committee, the environment and infrastructure committee, the housing and communities committee and the audit committee.
31. The council established the current committee structure after the last election when the new council decided to review and implement changes to adapt to scrutiny and new challenges. The key changes included reducing the overall number of committees and increasing the membership of the scrutiny committee from seven to 11 members.
32. In 2015 the council launched a transformation programme, set out in *Building Ambition – A Blueprint for a 21st Century Council*. This included a phased approach to reshaping senior management arrangements.⁶ In April 2018 the council changed the management structure. This resulted in the removal of the

⁵ Common good funds in Scotland originated in the 15th century and are the assets and income of some former burghs. They represent a substantial portfolio of land, property and investments and by law continue to exist for the common good of the inhabitants of the former burghs to which they relate. The common good committee for each area will administer its own common good fund with support from council officers.

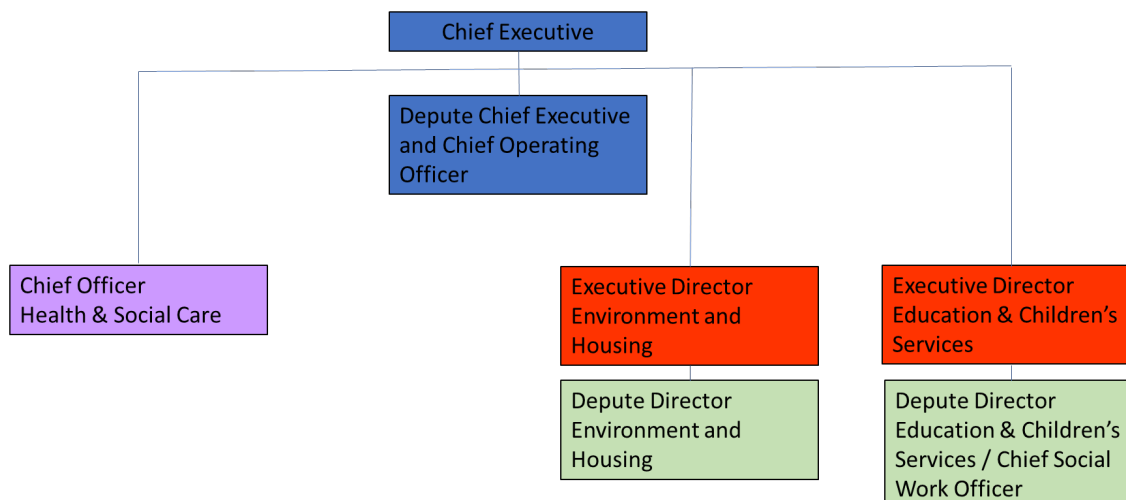
⁶ *Building Ambition: a Blueprint for a 21st Century Council*, Perth and Kinross Council, 2015.

post of senior depute chief executive. In addition, the responsibilities of housing and community safety were realigned from the senior depute chief executive to the executive director (environment and housing) ([Exhibit 5](#)).

- 33.** Although the existing committee and management structure are aimed at streamlining the council's activities, both officers and members agree that the number of reports and current governance arrangements make decision-making lengthy and there is further scope for improvement which the council plans to make as part of its governance review.
- 34.** The council is currently reviewing the committee structure, the quality of report writing for outcome agreements and business cases and ensuring scrutiny and audit functions are more robust. Initial proposals are expected after the summer recess.
- 35.** The council is proactive about improving its governance. The ongoing review should consider simplifying the council's governance arrangements to improve decision-making.

Exhibit 5

Council management structure from April 2018



Source: Perth and Kinross Council

The council implemented a new risk management strategy and defined its risk appetite, which demonstrates good practice

- 36.** The council's risk management processes have undergone a significant redesign over the last two years. The key reasons for a review in 2016 were an increase in partnership working and new operational models such as the integration joint board (IJB), which changed the risk profile of the council. The main changes, approved in 2017, included:
- four risk documents: a risk management policy, a risk management strategy to set out the high-level approach, a risk management process guide aimed at service-level operations and the risk management appetite, which details the level of risk that will be tolerated in each area to achieve outcomes
 - definitions for terminology to ensure no ambiguity
 - being risk aware rather than risk averse
 - commentary on the approach to managing risks within partnership arrangements
 - adoption of a conservative risk appetite.
- 37.** There is regular reporting of strategic and operational risks to the strategic policy and resources committee, with monthly revenue and capital monitoring reports submitted which include discussion of risks and how these can be controlled or mitigated. The risk management process is a continuous process throughout the year.
- 38.** The new risk management strategy demonstrates good practice, with high-level outcomes being broken down to service level. This enables officers to take ownership and responsibility for risks, enabling risk management to be led by all levels within the council.

The council operates in a transparent manner

39. The council discloses agendas, papers and minutes on its website, providing transparency to stakeholders, enabling members of the public to obtain information on key decisions made by the elected members.
40. The council reported a 93.8 per cent success rate against a 95 per cent target in responding to freedom of information requests within the statutory 20 working days. This is down from full compliance over the previous four years, and management indicated an increase in the frequency and complexity of requests.
41. Since January 2018, council and committee meetings have been recorded for public viewing and are available on YouTube. There is a culture of openness and focus on transparency at the council.

The council has effective member development and training arrangements

42. In 2017, the council experienced a change in its political administration along with the election of 22 new members (out of a total of 40). This meant increased training requirements and a period of learning for the newly elected members and a need for more support from officers.
43. The council has provided a comprehensive programme of training to all newly elected members. Discussions are held with elected members to identify developments and training needs, which form part of each member's personal development plan, and newly elected members are given induction training. Although the training was delivered at an appropriate level, some members highlighted they would welcome training sessions being recorded and provided at more varied times, and information being available electronically.
44. The council organises sessions for elected members based on their identified needs or wishes. Over 80 sessions have been held since 2017 and overall attendance was good. Some sessions were mandatory for all elected members while others were directed to members of specific committees. Workshop topics have included planning and development management, general data protection regulation, Cross Tay link road consultation, equalities, housing services and public protection.

Part 2

How well is the council performing?



Overall outcomes for the community are improving. More could be done to consistently demonstrate that performance management drives change and improvement.

Residents are generally satisfied with the council's services.

The council reports that its performance improved in 45 per cent of its own key performance indicators

45. The council reports performance against its own key performance indicators in an annual performance report (APR). This goes to full council and is available on its website along with its 'PK performs dashboard'. The council uses 42 key performance indicators to report its performance in relation to its strategic objectives. Six of these are LGBF indicators, with the remainder being the council's own indicators.
46. In 2017/18, of the council's 42 key performance indicators, 19 (45 per cent) improved, ten (24 per cent) were steady and three (7 per cent) needed attention. A further ten indicators (24 per cent) had no information or trend data available at the time the APR was published, so were not included in the report. In the APR, the council provides no indication of which of its performance indicators fall into each of these categories. It also does not make clear what period it reports improvement in performance from.
47. To assess performance across all the council's indicators, analysis using performance data from all of 42 indicators was carried as part of the audit. This found that 33 (79 per cent) of the council's key performance indicators improved over time and 9 (21 per cent) declined. Between 2013/14 and 2017/18, examples of where performance improved included:
- tourism-generated revenue (improved by 40 per cent)
 - the percentage of residential and business premises with access to next generation broadband (improved by 47 percentage points)
 - the number of affordable houses built (improved by 137 per cent).
48. Performance declined in nine indicators between 2013/14 and 2017/18, including:
- percentage of children leaving care who attained English and maths at standard grade foundation level or equivalent (reduced by 12 percentage points)

- percentage of children leaving care who attained at least one subject at standard grade foundation level or equivalent (reduced by 21 percentage points)
- number of jobs created in small and medium-sized enterprises with public sector support (reduced by 30 per cent).

The numbers for children leaving care are small which may account for larger percentage changes in these indicators. The council provided reasons for the decline in performance for four of the nine indicators in the APR or performance dashboard. In other indicators no comment was made where there was a small change in performance (2-3 per cent).

National indicators show Perth and Kinross Council's performance generally improved between 2013/14 and 2017/18

49. The Local Government Benchmarking Framework (LGBF) allows councils to compare their own performance over time and against the Scottish average for 70 indicators of different council services. The council reports its progress against LGBF indicators in an annual report to the full council and publishes this on its website. This is in accordance with the Accounts Commission's requirements. As part of the audit, the council's performance was analysed in 49, mainly outcomes-based, LGBF indicators. Between 2013/14 and 2017/18 the council's performance:

- improved in 30 indicators (61 per cent)
- declined in 16 (33 per cent)
- and was maintained in three (six per cent).

The LGBF also groups councils together that are facing similar challenges of population density and deprivation. These are known as family groups. In 2017/18, the council's performance tended to rank in the middle of its LGBF family groups.

50. Overall, the council's performance relative to all Scottish councils fell slightly between 2013/14 and 2017/18 ([Exhibit 6](#)). Over this period, the percentage of indicators where Perth and Kinross Council's performance fell into the top two quartiles decreased by four percentage points (two indicators), from 51 per cent to 47 per cent. The percentage of indicators in the top two quartiles fluctuated between 64 per cent 2014/15 and 47 per cent in 2017/18.

51. Between 2013/14 and 2017/18, the council improved its performance in several indicators which reflect its priority areas, including

- the proportion of looked-after children being looked after in the community
- self-directed support spending on adults aged 18 or over as a percentage of total social work spend on adults aged 18 or over
- the percentage of total household waste that is recycled
- the percentage of unemployed people assisted into work from council-operated/funded employability programmes.

In 2017/18, the council performed comparatively well to other councils in these indicators.

52. The council's performance declined in some areas it had given a lower priority, for example the percentage of its B- and C-class roads requiring maintenance treatment. The council approved a road maintenance strategy in 2014 aimed at improving the condition of the A-class road network while maintaining the

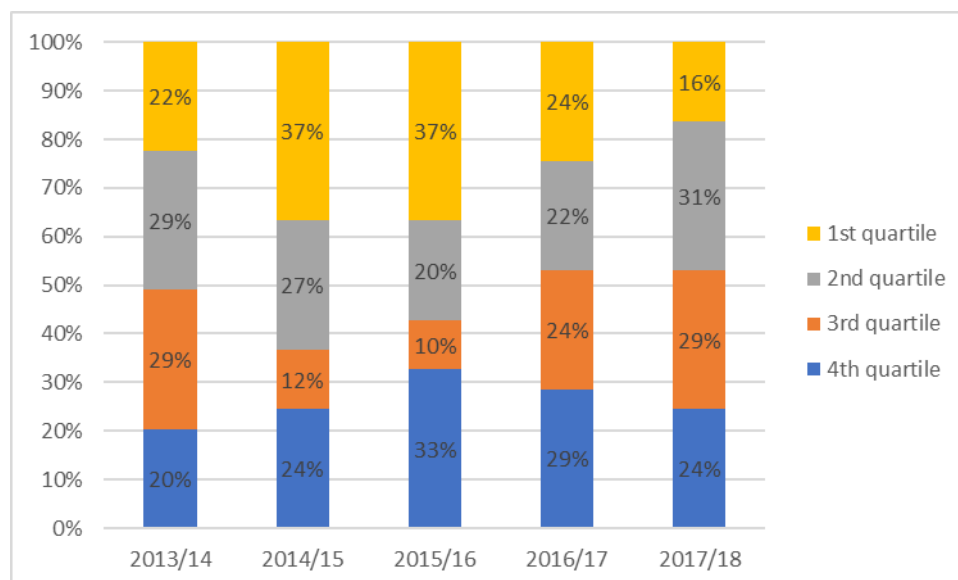
condition of other road types through patch repairs.⁷ In 2018/19, the council agreed additional investment in road maintenance to improve the overall road condition.

- 53.** Performance compared with other councils also declined in some of the council's priority areas. This includes the average total tariff for pupils in the 20 per cent most deprived areas and child protection re-registrations within 18 months, although changes involved small numbers.
- 54.** A similar trend in performance can be seen when analysing Perth and Kinross CPP's performance against community planning outcomes profile indicators (CPOP).⁸ Of the 18 CPOP indicators, performance improved in ten (56 per cent), declined in seven (39 per cent) and was maintained in one (6 per cent) between 2013/14 and 2017/18.

Exhibit 6

Perth and Kinross Council's performance relative to other councils, 2013/14 to 2017/18

Between 2013/14 and 2017/18 the percentage of indicators in the top two quartiles decreased by four percentage points, from 51 per cent to 47 per cent and fluctuated between 64 per cent and 47 per cent.



Note: Measuring council performance involves considering how all councils are performing, from lowest to highest for each indicator. From this, it is possible to see how one council compares with all other councils. Relative performance against other councils is divided into four equal bands, or quartiles. The first quartile contains the best-performing councils for that indicator and the fourth quartile contains the poorest-performing councils. The above data is based on 49 indicators which have been reported every year in the LGBF since 2013/14. Percentage figures will not always come to 100 per cent because of rounding.

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2017/18

The council should more consistently demonstrate how it uses performance management and performance reporting to drive continuous improvement

- 55.** There are examples of the council making good use of performance information at a service level to inform improvement activity and BMIPs (business management improvement plans) contain detailed performance

⁷ *Roads maintenance strategy*, Perth and Kinross Council, 2014.

⁸ The Improvement Service produces information on outcomes in each CPP area including early years; older people; safer and stronger communities; health and wellbeing; and engagement with local communities. This is known as the Community Planning Outcomes Profile (CPOP).

information. Recent external audit reports have commented positively on some aspects of the council's performance management arrangements at a corporate level. This includes comparison of service performance to the corporate plan, monitoring BMIPs by the full council, regular performance reporting to the strategic, policy and resources committee and the role of the scrutiny committee.

- 56.** The 2008 audit of best value and community planning in Perth and Kinross highlighted the council's effective approach to performance management and its clear and balanced public performance reporting was highlighted. In 2019, these areas have been identified as areas for improvement for the council. The council has a small performance team and has not used a specialised software system for managing performance for over five years.
- 57.** Each service produces an annual performance report (APR) and six-monthly performance updates which are reported to the appropriate committee and the scrutiny committee. The service APRs are also discussed at the full council. These aim to:
- set out the services' achievements that have contributed to the delivery of the council's strategic objectives
 - identify areas for improvement
 - report on performance.
- 58.** Each service's APR is made publicly available along with its BMIP. A sample of service APRs and BMIPs were reviewed as part of the audit. This found some clear examples of how performance information is used at a service level to continuously improve. For example, the council set out actions to improve performance in relation to: the percentage of children with an approved permanence plan within four months of the decision to recommend for permanence; and the number of families presenting as homeless (see Case study 1 for more information).
- 59.** In some cases, reasons for performance falling below the set target and associated improvement actions were less clear. The council could make more explicit the linkages between underperforming service performance indicators and the associated actions in the BMIPs. This would more clearly and consistently demonstrate how it uses this performance information to identify BMIP improvement priorities. Within service APRs there is no overall assessment of the proportion of indicators where performance has improved, declined or been maintained, or those which are on, above or below target. It would be helpful to include an overall summary within each service APR.

Annual public performance reporting should be more balanced and used more effectively to assess the council's progress towards its objectives

- 60.** It is important that councils clearly report their performance to local citizens and the community. Detailed reporting on performance at a service level is provided to elected members at various committees. However, the council's overall annual performance reporting to elected members and the public should be more transparent, more balanced and clearer about progress towards strategic objectives. When reviewing the council's APR, it was difficult to judge how well the council performs overall. The 2017/18 APR focuses on good performance and does not fully explore poor performance. It is unclear from the APR how the council plans to address areas of underperformance and drive improvement, although this is contained in other reports.
- 61.** The APR provides graphs to illustrate performance for each of the indicators. Although these show performance over a long-term period, they have no key and are difficult to interpret. Five improvement priorities for the coming year are

set out at the beginning of the APR, but it is not clear why these have been prioritised, how they link to the strategic objectives, how and when they will be achieved, or how they will be reported.

62. Data for 2017/18 was unavailable for ten of the council's key performance indicators when the APR was published in October 2018, including seven attainment indicators. This means that the APR reports changes in only 32 performance indicators. The council publishes data for all 42 key performance indicators on its 'PK performs dashboard' webpage once this data becomes available. The online performance dashboard contains no assessment of whether performance has improved, declined or been maintained.
63. The council is currently carrying out a Modernising Performance Review. It has set up a project board to oversee the review and is investing resources to change the way it uses data and information. The council is preparing a procurement exercise for an electronic system and is linking this to its digital strategy. It aims to have an operational system in place by March 2020.
64. As part of its review, the council should consider how it could make public performance reporting more transparent, clear and balanced. It should set ambitious performance targets and be clear about the reasons for underperformance and planned improvement actions to address these to drive continuous improvement. This will make it easier for elected members and members of the public to scrutinise performance.

Residents in Perth and Kinross are more satisfied with their council's services than the Scottish average

65. The LGBF includes performance against indicators of service users' satisfaction with council services. These are based on results from national surveys, such as the Scottish Household Survey. LGBF data for Perth and Kinross shows that its residents' satisfaction levels with some culture and leisure services, such as libraries and parks and open spaces, have generally improved over time. However, satisfaction with other services, such as local schools and refuse collection, has declined over time. These trends tend to be in line with the average trends in Scotland; however, Perth and Kinross residents' satisfaction with libraries and with museums and galleries has improved in contrast to a national decrease. The most recent data shows that the council ranks in the top half of all Scottish councils in all LGBF satisfaction indicators ([Exhibit 7](#)).
66. The council's housing service conducted a tenant satisfaction survey in 2018. The results of this survey were positive and demonstrated improvement since the last time the council surveyed its tenants in 2016. The council received 1,032 responses, 95 per cent of which said they were satisfied with the overall service, higher than the national average of 91 per cent.

Exhibit 7

Perth and Kinross Council's performance against service satisfaction LGBF indicators in 2017/18

Indicator ¹	Percentage point change over time		Satisfaction level (%)		Perth and Kinross Council rank (out of 32)
	Perth and Kinross Council	Scotland	Perth and Kinross Council	Scotland	
Adults satisfied with local schools	-5.3	-10.0	78.7%	72.3%	10th
Adults satisfied with social care or social work services ²	-0.5	-3.8	81.3%	80.2%	14th
Adults looked after at home satisfied that the care they receive has an impact on their quality of life ²	-2.2	-5.0	80.6%	80.0%	13th
Adults satisfied with libraries	+0.2	-9.5	82.3%	73.0%	7th
Adults satisfied with parks and open spaces	+2.7	+0.6	92.3%	85.7%	2nd
Adults satisfied with museums and galleries	+1.6	-6.5	79.3%	70.0%	7th
Adults satisfied with leisure facilities	-1.4	-4.9	79.3%	72.7%	8th
Adults satisfied with refuse collection	-2.9	-3.6	84.7%	78.7%	11th
Adults satisfied with street cleaning	-2.4	-4.4	78.0%	69.7%	5th

Note: 1. Satisfaction levels are based on three-year rolled average responses to Scottish Household Surveys for 2015 to 2018. Percentage point change over time has been calculated using the rolled averages from 2010-14 and 2015-18. 2. Indicators are from the Scottish Health and Care Experience Survey. Percentage point change has been calculated using 2014/15 and 2017/18 data and satisfaction level is based on the 2017/18 data.

Source: Local Government Benchmarking Framework, Improvement Service, April 2019

There are examples of the council delivering services in innovative ways, making savings and improving outcomes for vulnerable service users

67. There are examples of the council improving outcomes for its most vulnerable service users by delivering services differently, which has also led to financial savings. This includes innovative ways of reducing homelessness ([Case study 1](#)) and the number of children requiring residential care ([Case study 2](#)).

Case study 1

The council's Home First approach is improving outcomes for homeless people

The council conducted a review of its homeless services in 2016 as part of its transformation programme and established its approach to rapid rehousing, Home First. This approach seeks to achieve a balance between prevention, rapid rehousing and tenancy sustainment with an overall aim of reducing the duration, impact and stigma of homelessness.

Between 2013/14 and 2017/18, the number of households presenting to the council as homeless increased by 21 per cent (from 826 to 999). A total of 790 of the 999 households presenting were assessed as homeless in 2017/18. Over the same period, the number of single young people aged 16-25 presenting as homeless reduced by 31 per cent (from 299 to 207). The council delivers a range of initiatives and programmes aimed at preventing homelessness, including:

- assigning support officers to work with young people at risk of becoming homeless to prevent this happening where possible
- training support officers in family mediation and providing support when a young person has been asked to leave the family home
- a personalised budget for officers to intervene if someone is at risk of homelessness, for example to provide items to enable the person to sustain their tenancy or pay off small rent arrears
- delivering a housing and homelessness education programme in secondary schools.

Home First aims to reduce the amount of time homeless households spend in temporary accommodation by removing this step where possible. The Home First project was fully implemented in 2017 and has led to considerable improvements in outcomes for homeless people and savings for the council. Between 2016/17 and 2018/19:

- the number of families presenting as homeless has reduced by 27 per cent (from 319 to 232 families)
- the average length of time homeless households spent in temporary accommodation reduced by 47 per cent (from 132 to 70 days)
- the case duration of homelessness reduced by 58 per cent (from 213 to 89 days)⁹
- the number of homeless households waiting for a permanent home reduced by 80 per cent (from 321 to 63 households)

The delivery of Home First has also enabled the council to reduce its temporary accommodation portfolio, from 326 to 26 separate units and from 92 to 53 hostel spaces and deliver savings of £676,000..

Source: Perth and Kinross Council

Case study 2

The REACH team – preventing the need for residential care

The number of looked after children in Perth and Kinross increased by 18 per cent between 2013 and 2018. The council had one residential care home for looked after children and faced increasing residential care costs due to the need for external care placements and staff training requirements. It reviewed the delivery of its residential care services for children in 2017 as part of its transformation programme and established a new model, which was fully implemented in 2019:

⁹ The case duration of homelessness is the number of weeks it takes for a local authority to close a case, starting from the date a homeless application is made until the local authority discharges its duty or decides it has no duty.

- The project aims to help young people remain within their families, schools and communities, preventing the need for residential care. It also aims to ensure that young people receiving support are resilient, engaged, achieving, confident and healthy (REACH).
- A multidisciplinary team (known as the REACH team) delivers intensive support to young people at risk of care. The team includes staff from the council and NHS Tayside with a range of different skills, including social workers, a family worker, a clinical psychologist, speech and language therapists, and an outreach teacher to support young people's transition back to mainstream schools.
- The project cost £1.7 million to implement and was expected to be cost neutral by 2021/22. At 31 January 2019, an underspend of £164,000 in residential care placements was projected for the end of 2018/19, with further underspends projected for the duration of the project.
- Feedback from parents and carers about the support provided by the team has been positive. The council has recruited a performance and information officer to help evaluate the project's impact on outcomes and identify areas for improvement.

Source: Perth and Kinross Council

The council and its community planning partners have received positive inspection reports in recent years

- 68.** In January 2018, the Care Inspectorate reported its findings of a joint inspection of services for children and young people provided by community planning partners in Perth and Kinross.¹⁰ The report commended the work of the partnership, with partners receiving two 'excellent' grades: one for planning and improving services for children and young people, and one for leadership of improvement and change. The partnership also received one 'good' grading and six 'very good' gradings in other areas. The inspection highlighted key strengths within the partnership, including:
- sophisticated and intelligent use of data to inform and support decision-making, service planning and delivery, and management of performance
 - an embedded culture of collaborative working that is supporting the partnership to deliver improved outcomes for children and young people
 - consistent and sustained commitment to self-evaluation and continuous improvement.
- 69.** The Care Inspectorate also carried out an inspection of the council's homeless housing support service in January 2018.¹¹ The service received an 'excellent' grading for the quality of care and support provided to service users. The report highlighted that support was person-led, with service users being encouraged to participate in service improvement and projects designed to improve their health and wellbeing. The quality of staffing in the homeless housing support service was also graded as 'excellent'. Good working relationships with key partners and a commitment to continuous professional development were recognised in the report.

¹⁰ Services for children and young people in Perth and Kinross: report of a joint inspection, Care Inspectorate, 2018.

¹¹ Perth and Kinross Council – homeless housing support service, Care Inspectorate, 2018.

Part 3

Is the council using its resources effectively?



The council has robust financial planning and management arrangements, including effective monitoring and reporting and medium-term financial planning. The financial outlook is challenging, but the council is well placed to address projected funding gaps through its transformation programme and savings identified as part of the medium-term financial plan.

The council sets and approves a medium-term financial plan and ten-year capital plan that allows longer-term planning and informed investment decisions to be made

- 70.** On an annual basis, the council develops and approves a five-year medium-term financial plan (MTFP). The budget-setting process starts by updating the MTFP. In June 2018, a ten-year provisional composite capital budget was approved which takes a longer-term view in respect of financial planning.
- 71.** The MTFP is set in the context of extensive analysis of the future environment the council expects to operate in, aligned to its strategic objectives. It includes key assumptions and sensitivity analysis including wage increases, central funding changes, inflation and other risks to service delivery. The council uses appropriate external information to inform the basis of its MTFP including Audit Scotland reports, the Improvement Service, and various government and professional sources.
- 72.** It is reviewed by the leadership team, senior management in corporate finance and legal teams with a focus on the accuracy and sensitivity of assumptions. After completion, it is presented to elected members from the administration and opposition which facilitates early oversight and challenge in respect of forecast cost pressures, savings and alignment with strategic objectives.
- 73.** The MTFP is presented to full council in the October preceding the financial year, including the proposed approach to setting the revenue and capital budgets. Approval then allows management to begin the process of formally drafting the council's revenue budget, informed by medium-term financial planning. The council should build on this sound basis and consider developing a longer-term financial plan for the five to ten-year period.

The council moved to multi-year budgets three years ago and approved a rolling three-year revenue budget which facilitates efficient use of resources in the medium term and demonstrates good financial planning and management

- 74.** The revenue budget is a rolling three-year plan which currently covers 2019/20, together with provisionally approved budgets for 2020/21 and 2021/22. These will be updated as part of the MTFP development process in autumn 2019, and then formally approved and rolled forward in early 2020. The revenue budget for 2019/20 is £354 million.
- 75.** The administration and opposition groups, through discussion with senior officers, prepare three-year revenue budgets for consideration by full council in February each year. Elected members are complimentary about the level of information and support that officers provide as part of this process.
- 76.** By developing indicative three-year revenue budgets, the council can effectively plan and prepare for future years. The use of sensitivity analysis and budget assumption ranges helps scrutiny and challenge by members together with risk assessment and management. The council's approach to budget flexibility, allowing certain service under and over spends to be carried forward to future financial years as part of the budget-setting process, is described in [Case study 3](#).

Case study 3

Budget flexibility

The council has an approved Revenue Budget Flexibility Scheme which allows certain service under and over spends to be carried forward to future financial years as part of the budget setting process. Revenue budget flexibility proposals are reviewed annually. Services can re-phase work where required and better deliver services because they have discretion to use resources more flexibly than in other local authorities, across financial years. Budget flexibility is a positive part of the council's approach to managing financial challenges and it discourages short-term thinking that can otherwise exist within local authorities.

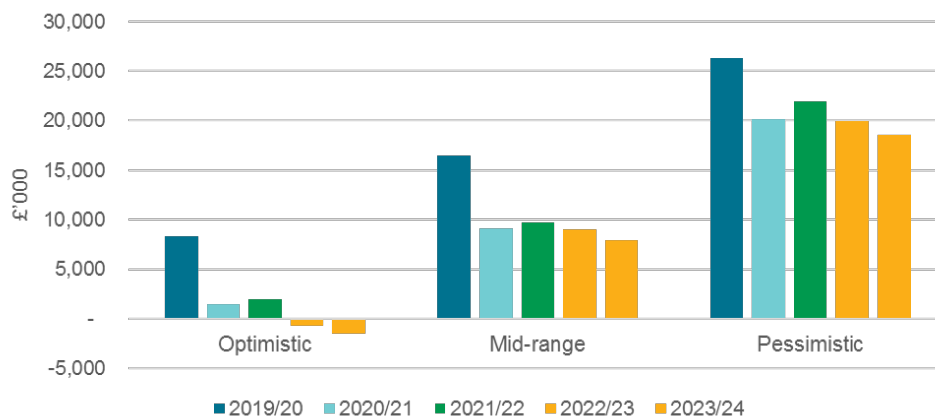
Source: Perth and Kinross Council

- 77.** The estimated levels of savings required to be made over the next five years, between 2019/20 and 2023/24, are set out in [Exhibit 8](#) and depend on what pressures and risks materialise. The MTFP includes optimistic, mid-range and pessimistic scenarios of future savings requirements of £9.6 million, £52.3 million and £106.8 million respectively. Services are fully involved in identifying expected costs and savings. This process facilitates informed decision-making and early identification of cost pressures and underpins the annual budget-setting process.

Exhibit 8

Estimated levels of savings required, 2019/20 – 2023/24

Estimates of total savings required over the next five years range from £9.6 million to £106.8 million with a mid-range estimate of £52.3 million.



Source: Perth and Kinross Council MTFP 2019/20 to 2023/24

There is a clear governance structure in respect of effective use of resources

78. The council has approved financial regulations covering 2018-2021. These regulations cover financial planning and monitoring together with budget virement and asset management arrangements. These are effective, with levels of member scrutiny and challenge noted positively by officers and members.

Useable reserves have remained steady year on year, and the council has a clear policy for managing reserves

79. The general fund balance was £51.1 million at the end of 2017/18. Of this, £12.1 million is uncommitted, which represents 3.6 per cent of the council's net budgeted expenditure for 2017/18. The unaudited estimate for the 2018/19 uncommitted general fund is £11.8 million.

80. In the February 2019 committee update, members approved an uncommitted reserves target of 2-4 per cent of net revenue expenditure in the medium term. The reserves strategy forms an appropriate part of MTFP and budget-setting arrangements.

The council has a robust approach to preparing its financial statements but there are opportunities to increase efficiency

81. The process for preparing the annual financial statements has been in place for several years. It is evidently robust with minimal audit adjustments identified. The process is time-consuming for officers and would not facilitate faster closing and reporting of accounts should it be required in the future. The process has a higher number of traditional, manual components than other local authorities and is reliant on key individuals.

The programme management system used for capital project monitoring, continuous improvement and capturing lessons learned is being updated

82. Total expected capital spending between 2019/20 and 2028/29 is £619.8 million. The capital budget for 2019/20 is £74.1 million. Some of the largest areas of investment are planned as part of the Perth Transport Futures programme and flood prevention works. In 2018, the council adopted a ten-year capital plan. It is also moving into the third phase of a medium-term school estate transformation programme and previously completed a review of the office estate which demonstrates a continuous approach to asset management.

83. Capital project monitoring is effective with projects generally delivered as expected and a new bespoke capital asset management system is being implemented. This will increase automation to the business case process and enhance capital-monitoring controls. Capital-monitoring arrangements are well developed and the governance arrangements in respect of capital resources are in the process of being reviewed. A new Strategic Investment and Improvement Board is being created to merge the Strategic Investment Group, Corporate Resource Group and Transformation Group which currently have some overlapping responsibility. This will be chaired by the deputy chief executive and aims to take a strategic view of the capital programme and a holistic look at asset plans for the council. It will report to the Executive Officer Team. A new risk-based approach will be taken to discussing specific programmes rather than considering all material projects.

The corporate workforce plan 2018-2021 established a strategic context and introduces approaches to enhance council workforce sustainability and planning

84. The council has a workforce plan covering the period 2018-2021 and its framework for managing workforce change and the job families approach have been designed to develop a flexible workforce.

85. The council is the largest single employer within its area, and 84 per cent of the workforce live in Perth and Kinross. After a period of stability, between 2016 and 2018, the number of full-time equivalent employees working for the council reduced by over six per cent, from 4,932 to 4,631.¹² The council's objective is to have the right people with the right skills and abilities at the right time to perform duties. There is a drive to increase the range of recruitment measures for hard-to-fill posts, which are defined as posts vacant for six months or more.

86. Staff speak positively about working for the council and the supportive culture in which they are valued. The annual employee engagement survey shows increasingly positive responses over the period since 2011. It is used to inform the council's annual workforce report which sets out development and focus areas for the year ahead. Pulse surveys supplement the annual survey and have been extended to the newly formed housing and environment service in 2018, having been piloted in education and children's services in 2017. The council places a strong focus on celebrating success, including through service recognition awards and annual Designing Futures Together awards.

87. Over the last three years, levels of sickness absence have been increasing at the council for both teachers and all other employees. In 2017/18 sickness absence levels for teachers were the third highest in Scotland at 8.1 days per teacher, a slight rise of 0.2 days from the previous year and higher than the Scottish average of 5.9 days. For all other members of staff, in 2017/18, the average days lost per full-time equivalent (FTE) was 10.7, slightly below the Scottish average of 11.4 days, but an increase of 1.1 days since 2016/17.¹³

88. The council reported in its 2018 annual workforce report that mental health would be a priority for 2019. Mental health-related reasons accounted for 27

¹² Information provided by Perth and Kinross Council to Audit Scotland, June 2019.

¹³ [Local Government Benchmarking Framework](#), Improvement Service, 2019.

per cent of all absences with the top three reasons being stress, depression and work-related stress. There are several support mechanisms to help people back into work, which are the focus of a new health and wellbeing framework pending council approval. It aims to focus more on wellbeing and a proactive approach to managing sickness absence.¹⁴

89. Job families have been introduced within the council, with new role profiles describing the skills, knowledge and behaviours required for a wide range of roles in a job family rather than the specific role advertised. The job families are care and learning, professional and business support services, community and operational, regulatory, technical and property, and senior management. By recruiting to job families, the council enhances workforce flexibility and encourages employees to retrain and move to other areas of the council as demand requires.¹⁵ [Case study 4](#) sets out how the council used this approach in transforming residential care and other examples.

Case study 4

Workforce planning for transformation of residential care and other initiatives

- As part of the recent transformation of residential care, a care facility was closed, affecting 37 members of staff. Several long-standing employees were unsure of their career options. Group meetings took place with the staff, as well as one-to-one support meetings. Of the 37 staff, 11 voluntarily left the council, largely because of retirement, and all others moved to different roles, with a significant number moving into early years care, where the council had a workforce need and hard-to-fill posts. This was made possible through initiatives such as the job families route, allowing redeployment with the appropriate training to other areas of the council.
- The Learn to Teach and Learn to Work in Early Learning programmes encourage existing employees to retrain as teachers and have proved successful.
- The Grow Your Own programme aims to build capabilities within the council to create a workforce for the future, which is vital, given the ageing workforce currently in place. It has led to the council employing more modern apprentices and graduate trainees.

Source: Perth and Kinross Council

¹⁴ [Annual Workforce Report for Perth and Kinross Council - 2018](#), Perth and Kinross Council, 2018.

¹⁵ [Ibid](#)

Part 4

Is the council working well with its partners?



Perth and Kinross Council works well with partners, in particular with regional partners across Tayside.

The effectiveness of working arrangements with the integration joint board has improved over the last 12 months. However, the community planning partnership board needs to take a more active role in leading partnership working and strategic direction.

Community empowerment is not yet fully embedded in the way the council and its communities work. The Perth and Kinross Offer is a new approach that aims to empower communities and give them more influence over what matters to them.

The council generally works well with its partners

- 90.** The council works with a wide range of partners, at both strategic and operational levels, within the Perth and Kinross area and with neighbouring local authorities. Partnership working is particularly strong across the Tayside region.
- 91.** Although relationships between the council, NHS Tayside and the IJB have proved challenging, there is a new leadership team in place and relationships have improved. Across Perth and Kinross there is an opportunity to increase the impact of partnership working by increasing the effectiveness of the CPP. As is common in other areas of Scotland, capacity, both time and resources, of the council and its partners, can be a barrier to doing more partnership working.

Partnership working is particularly strong across the Tayside Region

- 92.** Perth and Kinross, Angus and Dundee City councils have a history of working well together, with some of these partnership arrangements also including Fife Council. There are many positive examples of Perth and Kinross Council working well with neighbouring councils at both strategic and operational levels ([Exhibit 9](#)).

The community planning partnership board needs to take a more active role in leading partnership working and strategic change

- 93.** In 2008, the Accounts Commission reported that ‘Community planning is well developed in Perth and Kinross, supported by a strong commitment to partnership working, effective planning structures and a clearly defined set of desired outcomes...there is a need to develop further performance management arrangements across the CPP.’ In 2019 the strong commitment to partnership working remains and partnerships at a local level work well despite the lack of a lead from the CPP board. The CPP’s vision is set out in its LOIP 2017-2027, as discussed in Part 1. Across Perth and Kinross there is an opportunity to increase the impact of partnership working by increasing the effectiveness of the CPP. The CPP board has recognised this and a governance review is now underway.
- 94.** There is evidence of effective working in some parts of the CPP, for example the work of the Children, Young People and Families Partnership was commended by the Care Inspectorate in 2018.¹⁶ In May 2019, the partnership group carried out a workshop with key stakeholders to identify priorities for improving mental health. This involved presentations of data and local developments and the national perspective from the mental health taskforce, followed by discussions to identify strategic improvement areas. An action-focused group has been tasked with implementing the recommendations and engaging with children, young people and parents.
- 95.** However, some elected members and partners raised concerns about the effectiveness of the CPP board and the CPP structures. These are as follows:
- community planning can be seen as a separate process that sits to one side of other effective partnership working
 - the CPP could be more strategic. It is difficult to see any initiative that has been led by the community planning process. It is not an effective use of attendees’ time.
 - the CPP board is too council-led. There was also concern about commitment and attendance from some partners.
 - PKAVS, the third sector interface, finds it challenging to engage with all the local action partnerships through the CPP structure. However, there is an opportunity to do this through the LAP Chairs and Leads Group, which meets every six weeks. PKVAS will be co-chairing future CPP meetings.
- 96.** Information about what the CPP is doing and the difference it is making is difficult to find. Information about the CPP on the community planning area of Perth and Kinross Council’s website is limited. For example, there are no links to CPP board minutes and there are links to minutes from only one of the six outcome delivery groups, but even they are two years out of date.
- 97.** The CPP’s first annual performance report on the LOIP, published in 2018, sets out improvements to local outcomes but it is unclear, in many cases, what contribution the CPP has made to these. The current community planning partnership structure in Perth and Kinross is set out in [Exhibit 10](#).

¹⁶ *Services for children and young people in Perth and Kinross: report of a joint inspection*, Care Inspectorate, 2018.

Exhibit 9

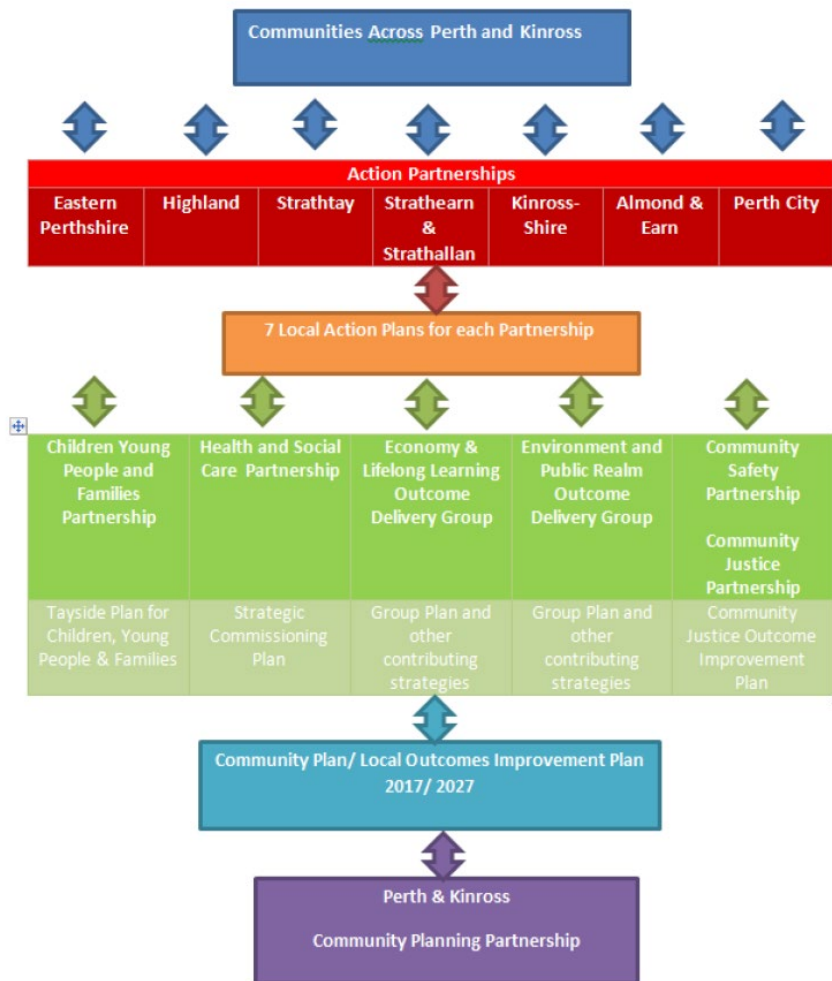
Examples of regional working involving Perth and Kinross Council

Strategic examples	Detail
Tay Cities Deal	The deal brings together public, private and voluntary organisations in the council areas of Perth and Kinross, Dundee City, Angus and Fife. They have secured up to £300 million of investment from the UK and Scottish Governments to encourage skills development and progress infrastructure such as roads, rail links, buildings and communications networks. The aim is to work closely together to create growth more quickly and sustainably to bring greater prosperity and equality to the region. Partners believe this investment has the potential to secure over 6,000 jobs and lever in over £400 million more in investment over the next 10-15 years. An agreement in principle was reached in November 2018 and the final deal is due to be signed off in 2019.
Tayside Contracts	Tayside Contracts is a commercially-based local authority contracting organisation providing catering, cleaning, roads maintenance, vehicle maintenance and winter maintenance throughout the Perth and Kinross, Dundee City and Angus council areas. It has been in operation since 1996 and employs approximately 2,500 people across over 300 establishments. Tayside Contracts operates under a joint committee made up of elected members from each of the three councils.
The Tayside Plan for Children, Young People and Families, 2017-20	The first regional plan for children's services, focusing on reducing inequalities and improving outcomes for all children in Tayside, was published in 2017 by the Tayside Regional Improvement Collaborative. It sets out the joint vision and priorities of Perth and Kinross, Dundee City and Angus councils, NHS Tayside, Police Scotland, the health and social care partnerships, the third sector and other partners. It supersedes the integrated children's services plans in the three areas.
Tri-school campus – a school campus providing education for children from Perth and Kinross, Dundee City and Angus council areas	Plans for a tri-school campus are at an early stage with the location yet to be decided. The proposal is to be considered at separate meetings in all three councils before a final decision is made as to whether it will go ahead. Each council will review options for its own school estates and the opportunities a shared campus could present.

Operational examples	Detail
Sharing of resources (specialist equipment and providing increased capacity if required)	Partnership between Perth and Kinross, Fife, Angus and Dundee City councils involving the sharing of machinery (drill rig) and operatives to deal with contaminated land. This was arranged at operative level at an operative's conference. There is also a service-level agreement in place between Perth and Kinross, Angus, Dundee City and Fife councils for the provision of additional environmental health, trading standards and food safety services if required.
Joint procurement of digital platform	The council procured the underlying software for MyPKC, its customer services platform, collaboratively with Dundee City Council (Part 1).

Exhibit 10

Perth and Kinross' community planning partnership governance structure



Source: Perth and Kinross Council Best Value Self Evaluation 2019, February 2019

Six outcome delivery groups report to the CPP board, outlined in the green boxes in Exhibit 10. Community planning at a local level is delivered by seven local action partnerships (listed in the red boxes above and discussed in detail below). Each local action partnership has its own local action plan.

98. The CPP has committed to reviewing the ongoing effectiveness of its governance arrangements, based on a more outcome-focused performance approach. This review should be wide-ranging, looking at the effectiveness of the CPP board, the outcome delivery groups and the local action partnerships as well as how performance management arrangements could be improved. It should set out how the CPP can build on the positive relationships that exist between partners in Perth and Kinross.

The effectiveness of working arrangements with the integration joint board has strengthened in the last 12 months

99. Perth and Kinross IJB is the statutory body established to integrate health and social care services between the council and NHS Tayside. The IJB consists of eight voting members, four of whom are elected members from Perth and Kinross Council and four are nominated by NHS Tayside.

- 100.** The board is responsible for establishing arrangements for ensuring the proper conduct of the affairs of the IJB and for monitoring the adequacy of these arrangements. Although the objectives of the IJB are shared, its legal, membership and budgeting complexities make it difficult to govern and manage. The board itself has had numerous changes in membership over the last three years, making its operation more difficult. Scrutiny and governance of this fairly new organisation remains challenging and will be subject to ongoing monitoring as part of the annual external audit.
- 101.** The IJB has been operational from April 2016. Its role is to coordinate health and social care services, and to commission NHS boards and councils to deliver services in line with a strategic plan. In 2018/19, it had an expenditure budget of £190 million for core and hosted services and identified £8.0 million savings requirement. The council increased its contribution to the IJB's core budget by 11 per cent between 2018/19 and 2019/20.
- 102.** The integration scheme sets out that, from 2018/19 onwards, any overspends may be allocated based on each partner body's proportionate contribution to the IJB's budget requisition for that financial year, rather than on operational responsibility. In 2018/19, the council decided not to make a proportionate contribution to the IJB budget.
- 103.** NHS Tayside continues to face significant financial challenges. In order to meet its 2018/19 financial targets, the board received brokerage of £17.6 million. Although this is a significant amount, the brokerage required was £4.7 million less than planned. Brokerage outstanding at 31 March 2019 totals £63.5 million. The Scottish Government has indicated that territorial boards will have all outstanding brokerage written-off at 31 March 2019.¹⁷ The IJB has no reserves to absorb overspends and faces significant challenges to deliver a balanced budget.
- 104.** Relationships between the IJB and the council have strengthened in the past 12 months with increased communication at executive level and a new leadership team in place. The IJB's financial position requires continued monitoring by council officers.

There are good examples of community engagement at service level

- 105.** There are good examples of council services engaging effectively with communities in the planning and delivery of services:
- In 2018/19, the council consulted communities on their preferences when planning the expansion of its early learning and childcare services. The council engaged with communities through roadshows, surveys and focus groups. The information gathered was used to plan for further delivery of the expansion to 1,140 hours.
 - The council's housing service established a service user review and evaluation (SURE) team in 2014, which included council tenants. The SURE team has carried out six different scrutiny activities ranging from anti-social behaviour to communication around repairs, identifying 106 recommendations for improvements. This partnership approach with lead officers has led to improvements in policy and changes to the way services are delivered. In 2018, tenants from the council's SURE team developed the council's tenant and resident participation strategy. The SURE team conducted wider engagement with council tenants as part of the development of the strategy, and over 700 tenants were consulted on the draft strategy. The new strategy aims to generate greater tenant participation at the local level.

¹⁷ NHS Tayside 2018/19 Annual Audit Report, Audit Scotland, June 2019.

- The SURE team assesses the housing service's annual performance against the Scottish Social Housing Charter, which sets out standards and outcomes, and provides a graded assessment of how well the council is performing against all 16 charter outcomes. The SURE team's assessment is included in an annual report sent to all council tenants and the information is used to inform service improvement.

106. The results of the 2017 Scottish Household Survey show that residents are slightly more satisfied with the level of engagement they have with the council than the national average. One quarter of respondents in Perth and Kinross felt that they could influence decisions, compared with 23 per cent nationally.

The council could do more to involve communities earlier in strategic planning discussions and demonstrate the outcome of engagement

107. It is difficult to ascertain how community engagement has fed into the council's and CPP's strategic planning processes. For example, the Perth and Kinross CPP carried out a consultation on the draft version of the LOIP. The CPP used several methods to engage with communities, including an online consultation, providing paper copies of the plan in council offices and libraries and holding focus groups with five typically harder-to-reach community groups. Several consultation exercises were carried out about the LOIP. Key themes from engagement with LAPs included social and rural isolation, mental health, community transport and the need for activities for young people. CPP papers state that common themes from the engagement activities helped to shape the priorities within the LOIP, but it is not clear to what extent. The council did not undertake a public consultation on its strategic plan, as its strategic objectives and commitments are aligned to the LOIP.

108. The council carries out an annual consultation exercise on its budget. The consultation included questions asking respondents to rate the relative importance of 12 identified service areas and their preferred change in council tax level. The council has increased engagement in budget consultation and the results were included in the annual budget paper. It is not clear from papers how the final budget was informed by the consultation responses received, although it supported the decisions made. The council considered budget themes at a meeting of the Equalities Strategic Forum, the output being shared with elected members. The council is investing in engagement.

109. The council and CPP should seek to involve communities in strategic planning processes at an earlier stage to ensure meaningful collaboration and engagement with communities in setting strategic objectives, priorities and commitments. This will be particularly important when developing the Perth and Kinross Offer. The council should also consider engaging with communities earlier in the budget process to give them greater, and more meaningful, involvement in its development.

110. The council has recently set up an online consultation hub that advertises ongoing and closed consultations. This contains a 'we asked, you said, we did' section, which aims to better articulate the outcome of consultations. This is at an early stage but should help to improve transparency of the consultation and decision-making process.

Community empowerment is not yet fully embedded in the way the council and its communities work. A more strategic approach is required to realise the full benefits of the Community Empowerment Act

111. The Community Empowerment (Scotland) Act 2015 (the Act) gives people more influence over how their council and its partners plan services. It provides more formal ways for people to get involved, such as:

- community asset transfers (CATs) - communities can take responsibility for land and buildings
- participation requests - people can ask to take part in decisions about council services.
- participatory budgeting (PB) - communities can have a say in how the council should spend money locally.

Community asset transfers

112. The council has not yet transferred any of its assets to community groups since the Act came into being. At February 2019, the council had received 11 expressions of interest in CATs from community groups. The council's Community Asset Transfer Policy encourages a considered approach by supporting communities to review fully whether they have the capacity to take control of assets on an ongoing sustainable basis. It is also helping communities pursue alternative routes where appropriate.

113. The council has a CAT policy in place, setting out that there will be a single point of contact for any application to streamline the process. However, the council has still to invest in resources to support this. The council should agree its staffing resource to support CATs to allow it to effectively respond to, and support community groups with, incoming requests.

Participation requests

114. The council has a web page dedicated to participation requests to give communities further information about them. It received its first participation request in May 2019 from North Inch and Muirton Community Council. Although a low number of participation requests is not an indication of poor performance, the council could do more to promote participation requests and the various other elements of the Act to communities, beyond its website.

Participatory budgeting

115. The council and its community planning partners ran two 'Perth and Kinross Decides!' participatory budgeting exercises in 2017 and 2018. In 2017, £180,000 funding was awarded to 139 community groups and, in 2018, £220,000 was allocated to fund 151 community projects, all of which aimed to tackle local inequalities or health and social care issues. Projects funded included outings for community groups, an exercise class for older people and defibrillator installation.

116. The Scottish Government and the Convention of Scottish Local Authorities (COSLA) have agreed a joint framework to support councils to work towards at least one per cent of their budgets being subject to PB by 2021. This equates to £3.5m of Perth and Kinross Council's revenue budget. The council needs to consider how to involve communities more in its budgeting process.

117. The council introduced a £1.2million community investment fund in 2018 to support community-led projects. Community groups can apply for funding of between £3,000 and £50,000 to support projects that aim to tackle inequality, as outlined in local action plans, and will benefit their community. In March 2019, the Executive Sub Committee of the Strategic Policy and Resources Committee allocated approximately £579,000 towards 105 projects across the whole of Perth and Kinross.

118. The council carried out an evaluation of the first year of the fund. This highlighted several key issues including the following:

- Timescales for funding application deadlines and decision meant that some communities waited five months for a decision.
- The process was supported by a small community planning team who faced capacity issues because they had to balance existing duties. The council

secured extra resource in February 2019, which it hopes will partially address this issue.

- Some community groups felt the application process was complex and that the funding decision should be made more locally
- There was a lack of consistency in how well the fund was promoted to communities by local action partnerships. The council is making improvement to the communication and material provided by the Communities Team.

119. The council needs to make considerable progress in raising awareness of the Act within communities. It should do more to promote and support community asset transfers, participation requests and participatory budgeting. The council needs to take a more outcomes-based approach and be more explicit about how its approach to community empowerment is contributing to improving outcomes for communities.

The council has invested in the development and support of local action partnerships and while some are progressing slowly, they are beginning to be effective

120. The Act requires community planning partnerships to divide the local authority area into smaller parts, or localities. It specifies that locality plans must be prepared and published for each locality, detailing local outcomes that the CPP must seek to improve.

121. As part of its locality planning approach, the CPP introduced five local action partnerships (LAPs) to its structure in 2016. Partnerships are made up of community representatives, elected members, council officials and CPP representatives. Since the first five LAPs were established, two of the partnerships have decided to split to better represent their local communities, so there are now seven LAPs in Perth and Kinross. Each partnership has produced a local action plan, also known as locality plans, detailing priorities for the local area and actions to improve these. Common themes across local action plans include providing support to those on low incomes and improving activities for young people, access to services and community transport.

122. The council and its community planning partners are supporting LAPs to be community-led and give communities greater involvement in decision-making. Five out of the seven LAPs are now chaired by community members. However, in December 2018, Education Scotland highlighted scope to broaden membership of the LAPs to better represent local communities.¹⁸ The council and LAPs recognise this as an issue and LAPs are considering how to achieve better representation from their communities.

123. Partnerships are entering their third year and while progress in some partnerships has been slower, the council has facilitated their development and continued to invest and support them. Fieldwork for the audit highlighted mixed views on LAPs and their effectiveness. There were examples of good practice. Highland Perthshire LAP has a written constitution and has established sub-groups to focus on each of the priority areas in its local action plan. It is well supported by the council with information to aid decision making and guidance on its function and role. Some felt they were effective and enabled appropriate representation of rural and other inequalities, while others considered they are not representative or that large geographies inhibit their effectiveness.

¹⁸ *Community learning and development in Perth and Kinross Council*, Education Scotland, 2018.

124. The council commissioned What Works Scotland to carry out a review of local decision-making in Perth and Kinross in December 2017.¹⁹ Findings included:

- significant CPP support for LAPs and PB, with elected members recognising their role to raise awareness and support cultural change within the council and CPP
- barriers to community involvement, such as distance to travel; apathy, lack of awareness or lack of clarity of purpose; and level of interest in administrative processes
- the need for greater awareness of the broader community empowerment agenda, beyond land ownership and asset transfer, towards increased public participation in decision-making
- the need to clarify relationships between LAPs and other democratic structures and community organisations (such as community councils and development trusts) to clearly articulate the role of LAPs.

125. The CPP board approved an improvement plan in December 2018 including preparing and implementing a digital strategy to widen participation by communities in LAPs, and a training and development programme for LAP members.

¹⁹ *What works in local decision-making: a review for Perth and Kinross community planning partnership*, What Works Scotland, 2018.

Part 5

Is the council demonstrating continuous improvement?



Since the 2008 Best Value report, the council has improved at a steady pace. Its approach to the use of resources has strengthened but it has more to do in respect of performance management and community planning.

The Perth and Kinross Offer has the potential to create a step-change in the pace of continuous improvement in the council. This will require buy-in from councillors, staff and partners. A framework and timescale for its development are being formed. It is important that the council maintains the pace of its development along with member and officer enthusiasm.

The council is improving at a steady pace but the rate of improvement and use of performance information should be enhanced

126. Across the council, from front-line staff to senior officers, there is a culture of being open to opportunities to improve. The council:

- uses the BMIP process to plan and monitor improvements
- carries out self-evaluation at a service level
- has successfully delivered services in innovative ways, improving outcomes for service users, through its transformation programme
- makes good use of self-evaluation resources to drive improvement, such as *How Good is Our Council*.
- is receptive to third-party evaluation and inspection
- voluntarily prepared a Best Value self-evaluation for this audit and presented it to the full council, making it publicly available in council papers.²⁰

²⁰ [Perth and Kinross Council Best Value Self-Evaluation, 2019, Perth and Kinross Council meeting, 27 February, 2019.](#)

- 127.** The council's performance is improving at a steady pace but as noted in [paragraphs 60-64](#), the council's APR should be more balanced, exploring poor performance more fully. Equally performance information should be aligned with improvement objectives that feature in service BMIPs ([paragraph 59](#)). The council's Best Value self-evaluation was very thorough but could have been more explicit in setting out the action points for areas requiring improvement.
- 128.** The council's planned approach to developing performance measures and action taken in response to recommendations in this report should support increasing the pace of improvement and consistency of approach.

The council's approach to the use of resources has strengthened but it has more to do in respect of performance management and community planning

- 129.** The last Best Value audit of Perth and Kinross Council was carried out in 2008. In the report, the Accounts Commission commented that 'Perth & Kinross Council demonstrates a strong commitment to Best Value. We acknowledge the effective leadership of the council, good relationships between councillors and officers and the close involvement of its community planning partners. The council has effective performance management arrangements. We acknowledge that the council's rate of service improvement is good and that the council itself recognises the areas where improvement is needed in service delivery.'
- 130.** [Exhibit 11](#) compares some of the previous Best Value judgements to our findings from this review. The council is currently carrying out a Modernising Performance Review. It has set up a project board to oversee the review and is investing resources to change the way it uses data and information. The council is preparing a procurement exercise for an electronic system and is linking this to its digital strategy. It aims to have an operational system in place by March 2020.

Exhibit 11

A comparison of selected Best Value judgements

Since the 2008 Best Value report, the council has improved at a steady pace. Its approach to the use of resources has strengthened but it has more to do in respect of performance management and community planning.

Controller of Audit judgement 2008	Controller of Audit judgement 2019	View
Strategic direction		Part 1
The council and its strategic partners work well together, are clear about the priorities for the area and are committed to the Perth and Kinross Single Outcome Agreement (SOA).	The council has clear strategic objectives which have remained stable over a period of time and are supported by effective leadership.	
The leadership of the council is strong and effective. There are good working relationships between elected members and executive directors and relations between political group leaders are constructive.		
Performance		Part 2
Services are improving above the Scottish average and overall, council services	Overall outcomes for the community are improving.	

Controller of Audit judgement 2008	Controller of Audit judgement 2019	View
<p>perform slightly better than the national picture.</p> <p>Improvements have been made in services such as education, social work and housing but there is scope for further improvement in others such as planning.</p> <p>A robust performance management framework is in place across the council</p>	<p>More could be done to consistently demonstrate that performance management drives change and improvement.</p> <p>Residents are generally satisfied with the council's services.</p>	
<p>Resources</p> <p>The council manages its financial resources very effectively and has made progress in delivering efficiency savings.</p> <p>There is scope to improve its approach to workforce planning, completing employee reviews and sickness absence management.</p>	<p>The council sets and approves a medium-term financial plan and ten-year capital plan that allows longer-term planning and informed investment decisions to be made.</p> <p>The financial outlook is challenging, but the council is well placed to address projected funding gaps through its transformation programme and savings identified as part of the medium-term financial plan.</p> <p>The corporate workforce plan 2018-2021 established a strategic context and introduces approaches to enhance council workforce sustainability and planning.</p>	<u>Part 3</u>
<p>Partnership</p> <p>Community planning is well developed in Perth and Kinross, supported by a strong commitment to partnership working, effective planning structures and a clearly defined set of desired outcomes. Effective partnership working has already delivered improved outcomes.</p> <p>There is now a need to further develop performance management arrangements across the CPP to support the delivery of the Perth and Kinross SOA.</p> <p>The council can demonstrate many positive examples of directly involving local communities and service users in shaping plans and services. It is developing a range of information and skills among employees and communities to support more effective engagement in future.</p>	<p>Perth and Kinross Council works well with partners, in particular with regional partners across Tayside.</p> <p>The effectiveness of working arrangements with the integrated joint board has improved over the last 12 months. However, the CPP board needs to take a more active role in leading partnership working and strategic direction.</p> <p>The council has invested in and continues to provide good support to local area partnerships with some communities making them effective. Community empowerment is not yet fully embedded in the way the council and its communities work. The Perth and Kinross Offer is a new approach that aims to empower communities and give them more influence over what matters to them.</p>	<u>Part 4</u>

Controller of Audit judgement 2008	Controller of Audit judgement 2019	View
Continuous improvement		Part 5
<p>The council has an ambitious corporate improvement agenda and has established a culture of continuous improvement among employees and elected members. It uses a wide range of self-assessment and review methodologies to drive change; it is aware of what its priorities are and that it needs to increase the pace of improvement in areas such as workforce planning and equalities.</p> <p>The council has an effective approach to performance management and public performance reporting is clear and balanced.</p>	<p>The council has improved at a steady pace. Its approach to the use of resources has strengthened. It makes effective use of performance management information in planning service improvements and recognises that it has more to do in respect of reporting performance management and community planning. The council is carrying out a Modernising Performance Review and is investing resources to change the way it uses data and information. The CPP board is carrying out a governance review.</p> <p>The Perth and Kinross offer has the potential to create a step-change in the pace of continuous improvement in the council. This will require buy-in from councillors, staff and partners. A high-level summary of the aims of the Perth and Kinross offer has been set out.</p>	

Recommendations



It is important that the council maintains the pace of development of the Perth and Kinross Offer as part of the framework and timeline it is currently developing. (paragraph 25)

Following completion of its updated maturity assessment the council should revise its digital strategy in line with its ambition. (paragraph 29)

As part of the ongoing governance review the council should consider simplifying arrangements to improve decision-making. (paragraphs 33-35)

The council should consistently demonstrate how it uses performance management and performance reporting to drive continuous improvement. (paragraph 59) It also needs to make public performance reporting more transparent, clear and balanced. The Annual Performance Report should include ambitious targets and be clear about the reasons for underperformance and planned improvement actions. (paragraphs 63-64)

The council should build on its strong financial management and consider developing a longer-term financial plan covering a five to ten-year period as part of its modernisation agenda. (paragraph 73)

The ongoing review of the community planning partnership should be wide-ranging and include the effectiveness of the board, outcome delivery groups and the local action partnerships. (paragraph 98)

The council should improve how it involves communities. This includes earlier involvement in strategic planning processes, more involvement in budgeting processes, and better promotion of the Community Empowerment (Scotland) Act 2015 and providing appropriate resource to support the requirements of the Act. (Paragraphs 113, 114, 116 and 119)

Appendix 1

Best Value audit timeline



August 2008 – The audit of Best Value and Community Planning

The Accounts Commission found that Perth and Kinross Council demonstrated a strong commitment to Best Value with effective leadership, good relationships between councillors and officers and the close involvement of community planning partners.

August 2019 – Best Value Assurance Report

The Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on Perth and Kinross Council. The report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's strategic audit priorities.

Perth and Kinross Council

Best Value Assurance Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk